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NEWS DIGEST

AGRICULTURAL ADJUSTMENT ADMINISTRATION

Volume 1, Number 1 September 7, 1933

CONFERENCE ON TEXTILE SALES PRACTICES

A conference of Washington, D. C., store executives has been called for October 11, by the Administrator of the Agricultural Adjustment Act, to discuss the practice of sales forces in attributing large mark-ups in the retail prices of cotton goods solely to the processing tax on raw cotton levied to pay benefits to cotton producers. The conference will be held in the Administration building of the Department of Agriculture and will begin at 10:30 a.m. It was called as a result of an investigation made in response to numerous complaints received by the consumers' counsel. This investigation revealed that in many instances sales clerks tell customers that the increase in price of sheets, towels, hosiery, and other cotton goods, is due solely to the processing tax. Similar investigations are being conducted in other cities by representatives of the Administration's consumers' counsel. If the results of this nation-wide inquiry warrant, executives of retail stores from various parts of the country may be called in for a conference to determine on what basis in fact their sales forces are explaining the increase in retail cotton goods prices as caused primarily by the processing tax. The consumers' counsel is emphasizing to housewives that the processing tax on cotton is only 4.2 cents per pound on the net weight of raw cotton going into the manufactured commodity. "Those who do buying for households," he said, "should bear this fact in mind when they are purchasing cotton goods. The tax alone does not justify many of the increases on which we have complaints and when customers are told by sales clerks that these mark-ups are due only to the processing tax, they should question the assertion closely."

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WALNUT INDUSTRY OFFERED AGREEMENT

Higher returns for growers of walnuts is the purpose of a marketing agreement tentatively approved and submitted for signature to all walnut packers. The agreement would cover the walnut industry of California, Oregon, and Washington. A surplus control plan in the agreement limits the quantity of merchantable walnuts to be sold on the domestic market as unshelled nuts and provides that the surplus in excess of this quantity be sold for shelling, exported, or carried over to the following year.

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MILK AGREEMENT EVOKES SATISFACTION Representatives of the Michigan Milk Producers Association have reported to the Agricultural Adjustment Administration that consumption of fluid milk and cream is steadily increasing, despite an advance of 1 cent per quart, under the terms of the milk marketing agreement for Detroit. They said consumers have registered no complaint against the increase and are satisfied to pay 10 cents per quart as employment increases and when the producers are getting an advance from $1.50 to $1.85 per 100 pounds for milk. Under the terms of the agreement a strengthening of the producer's pool on manufactured surplus milk has resulted. The association has about 19,000 members throughout Michigan, 12,000 of whom are producing in the Detroit milk shed. Producers and distributors serving several large consumers' centers in Eastern Michigan, outside of the Detroit milk shed, are reported to be considering a petition to have the Detroit agreement amended to include them in its provision.

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ASKS HIGHER PRICES FOR PEANUT GROWERS Increased prices to peanut growers have been requested by the Agricultural Adjustment Administration as part of the program for increasing farm purchasing power. Peanut buyers and shellers were asked to pay farmers $60 per ton for No. 1 Spanish peanuts as compared with a recent price of $40 per ton. It was asked that the advanced price go into effect immediately and continue until the completion of a formal marketing agreement. The marketing season for Spanish peanuts is under way and the price rise will represent an increase of about $4,000,000 in the income of Georgia, Alabama, and Florida growers. As an aid to peanut growers in Virginia and North Carolina, the Administration requested buyers and shellers to pay $55 per ton for No. 1 Farmers' Stock Runners and comparable prices for other varieties and grades. To bring about a permanent improvement in the peanut industry a program to limit production to market demand is being planned for 1934.

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COURT UPHOLDS PEACH AGREEMENT A permanent injunction restraining the Calistan Packers, Inc., from violating the licensing provision issued by the Agricultural Adjustment Administration to enforce the California cling peach agreement has been granted by Judge Adolphus F. St.Sure, in the Federal District Court in San Francisco. This was the first suit brought by the United States to enforce the Agricultural Adjustment Act, or any of the acts under the recovery program. The general counsel of the Agricultural Adjustment Administration, in commenting on Judge St. Sure's decision, said that it establishes the constitutionality of the licensing provision of the Agricultural Adjustment Act. "It holds that the power to license those engaged in interstate commerce includes the power to license persons and corporations who are doing an intrastate business where that business seriously affects interstate commerce." The decision also upheld the Administration's authority to examine the books of the defendant firm.

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STUDY SHOWS HIGH TEXTILE MILL MARGINS

Reporting on the effect of the processing tax and the textile code on the cost of textile goods, the consumers' counsel of the Agricultural Adjustment Administration pointed out that "the real effect of both tax and code on the industry cannot be judged until it is possible to determine the reaction of the general public to the higher prices which the industry insists it will have to charge. As yet, there is little basis for determining this reaction." The consumers' counsel has analyzed the manufacturing overhead and profit margin of 17 types of cotton goods since March 3, and has found that they have increased on the average much more than the material or labor costs have advanced. "This margin was 2.68 cents on March 3. On July 14, before the tax and code, but at the peak of the rush business mills were doing, the overhead and profit margin had increased to 12.11 cents. Since then it has come down - on July 28, to 10.57 cents, on August 11, to 10.72 cents, -- until it reached 7.50 cents on September 15. On all of these dates, since March, the manufacturers' overhead and profit margin was greater than it was in 1929, when it stood at 6.16 cents." These figures are based on the most liberal allowance for increases in labor costs during this period, the consumers' counsel pointed out. The stretch-out, speed-up, and improved machinery adopted since 1929 have undoubtedly increased the product per unit of labor.

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ENFORCE CHICAGO MILK AGREEMENT

The licensing and enforcement section of the Agricultural Adjustment Administration has recommended to Secretary Wallace that the hearing on the revocation of the license of Meadowmoor Dairies, Inc., to sell milk in the Chicago metropolitan area be concelled. The Meadowmoor Dairies, Inc., was recently sold and the new owners have agreed to sign the Chicago milk marketing agreement with the other contracting parties, and have reported to the licensing and enforcement section that they have instructed their drivers, store clerks, and other employees to obey the license rules and price schedules of the agreement. Orders to show cause why licenses should not be suspended or revoked have been sent by the Secretary to 111 persons and firms in the Chicago area other than Meadowmoor Dairies. Many to whom notices were sent have replied that they are now complying with the price schedule and intend to cooperate fully henceforth; others asserted ignorance of the situation and a belief that the license would not be enforced. The first hearing on the Chicago cases will be heard in Washington during the week of October 16, and between 40 and 50 alleged violators of the agreement will appear.

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NORTHWEST FRUIT AGREEMENT READY

A marketing agreement for the Northwest tree fruit industry has been tentatively approved by the Agricultural Adjustment Administration and submitted to shippers concerned for signature. The proposed agreement covers marketing of apples, pears, plums, and other tree fruits in Washington, Oregon, Idaho and Montana. Its primary purpose is to increase returns to growers. The agreement provides for pro-ration of total volume of shipments or pro-ration by emliminating certain varieties, sizes, or grades of fruit; authorizes the establishment of minimum prices; and regulates auction sales.

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CALL HEARING ON MILK PROCESSING TAX

Secretary Wallace has called a hearing for October 16, 9:30 a.m., Mayflower Hotel, Washington, D. C., on a proposed processing tax for milk and its products, and a hearing on the rate of compensatory tax to be levied upon oleomargarine, to off-set disadvantages resulting from a processing tax on milk. The announcement by the Secretary puts into action the program and proposals outlined in a general dairy conference at Washington on August 17, with cooperative groups. The Administration and the dairy industry are committed to a plan for production control and adjustment. While plans for production control are under way, organizations in the dairy industry with the aid of the Department of Agriculture will proceed on a campaign to increase consumption of dairy products in cities and on farms. Other dairy products will be absorbed through operation of the Federal Surplus and Relief Corporation.

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WHEAT SIGN-UP NEARS GOAL

Acreage reduction for 1934 already pledged in the wheat campaign totaled 6,599,000 acres on October 4, the Agricultural Adjustment Administration announced. This represents 15 percent of 43,999,024 acres of wheat land reported in 475,378 contract applications signed to date and reported to Washington. This total acreage signed so far represents about 70 percent of the Nation's total wheat acreage.

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COTTON FARMERS GET CHECKS

More than half of the South's cotton farmers who participated in the 1933 cotton reduction program have received checks from the Agricultural Adjustment Administration. Up to October 6, 7 a.m., 618,985 checks for rental or benefit payments were sent to cotton growers. These checks totaled $67,587,058.09

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AGRICULTURAL ADJUSTMENT ADMINISTRATION

Volume 1, Number 2 October 14, 1933

PORK SHIPMENTS MOVE TO STATES

Up to October 13, relief agencies in more than 40 states had ordered 593 carloads, or 17,790,000 pounds, of the approximately 100,000,000 pounds of cured pork obtained from hogs processed under the emergency hog plan that ended September 29. The pork is already being distributed. The following amounts of pork in tons have been allotted to the states for relief: Alabama 1,380, Arizona 325, Arkansas 985, California 2,095, Colorado 535, Connecticut 495, Delaware 160, District of Columbia 95, Florida 1,105, Georgia 670, Idaho 175, Illinois 3,555, Indiana 1,175, Iowa 640, Kansas 705, Kentucky 1,600, Louisiana 990, Maine 150, Maryland 355, Massachusetts 1,185, Michigan 2,135, Minnesota 465, Mississippi 1,020, Missouri 800, Montana 305, Nebraska 135, Nevada 20, New Hampshire 120, New Jersey 1,330, New Mexico 65, New York, 4,605, North Carolina 1,215, North Dakota 135, Ohio 3,070, Oklahoma 1,990, Oregon 500, Pennsylvania 5,100, Rhode Island 235, South Carolina 1,375, South Dakota 175, Tennessee 795, Texas 1,905, Utah 360, Vermont 60, Virginia 450, Washington 770, West Virginia 1,470, Wyoming 30, Wisconsin 940.

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ACT ON NATIONAL DAIRY PROBLEM

A national form for drafting milk marketing agreements has been prepared by the dairy section of the Agricultural Adjustment Administration and has received the tentative approval of the Admimistrators. Copies, with a few alternative marketing methods and with production adjustments left largely to the various milk sheds, are being sent to market areas. A physical set-up for handling the national plan through districts and regions to speed up hearings and obtain uniformity has also been outlined. The Administrator announced on October 12, that while marketing agreements are being considered a substantial amount of surplus butter is to be removed from the market and used for relief purposes. Details of procedure are to be announced when legal forms are completed. The announcement was made after a conference with the Federal Emergency Relief Administrator, and executives of the Agricultural Adjustment Administration. A milk marketing agreement for Knoxville, Tennessee, became effective October 9. One for New Orleans has been tentatively approved by Secretary Wallace and sent to that city for signature by the dairy interests, as has one for the Boston milk-shed. The new milk agreements contain a provision under which milk for the Federal Emergency Relief Administration or other public relief agencies may be purchased at wholesale prices or less.

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FLUE-CURED TOBACCO AGREEMENT SIGNED The first marketing agreement in the tobacco industry under the Agricultural Adjustment Act was approved by Secretary Wallace on October 12. Under the agreement buyers agree to pay an average minimum price of 17 cents per pound for all flue-cured tobacco purchased between September 25, 1933, and March 31, 1934, for use in this country. This means that at least 250 million pounds of this year's crop remaining unsold on September 25, will be purchased by domestic buyers. The agreement is supplemented by a production adjustment program with benefit payments to farmers who sign contracts to reduce flue-cured production in 1934 and 1935. It is proposed to reduce the 1934 crop to around 500 million pounds. Under the agreement the companies agree not to raise prices of cigarettes above a figure equal to the wholesale price of $6 a thousand prevailing last January 3, plus the amount necessary to cover increased raw material, processing tax, and N.R.A. code costs. Domestic buyers who signed the agreement are: The American Tobacco Company, Liggett & Myers Tobacco Company, R. J. Reynolds Tobacco Company, P. Lorillard Company, Philip Morris and Company, Ltd., Inc., Larus & Brother Company, Continental Tobacco Company, Inc., Brown and Williamson Tobacco Company. Officials of the Agricultural Adjustment Administration explained that the terms of the agreement are designed to secure for growers an increase of from 10 million to 12 million dollars in income. Should the price of export grades rise in proportion to the increase in price of domestic grades, the total increase in returns to farmers is expected to exceed 20 million dollars. A considerable part of this increase on both domestic and export grades has already been reflected since the markets re-opened on September 25.

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CIGAR-LEAF GROWERS RECEIVE CHECKS The first block of checks issued in partial payment to cigar-tobacco growers for participation in the 1933 acreage reduction program, has been mailed to about 2,100 growers in Connecticut, Massachusetts, Vermont, New Hampshire, Pennsylvania, Ohio, Wisconsin and Illinois. The checks totaled nearly $230,000. Additional checks will be mailed to other growers as fast as the contracts signed by producers are checked by the Agricultural Adjustment Administration. The checks constitute the first payment for the reduction of cigar tobacco acreage in the cigar-leaf areas.

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REVIVES EFFORTS TO AID SUGAR GROWERS Following the announcement that no action will be taken now on the proposed basic sugar marketing agreement, Secretary Wallace said that it is "proposed to put through immediately beet sugar and cane sugar marketing codes as far as may be feasible without the basic quota agreement. This does not mean that plans for the limitation of production are abandoned." Secretary Wallace said that one of the difficulties causing him to take no action now on the basic sugar quota agreement is that it would have tended to increase, rather than remove, the present disparity in agriculture's purchasing power. The agreement, he said, appeared to him to emphasize unduly the interests of processors rather than the income of farmers. "The Government should not, under agreements of this kind, undertake to relieve processors, refiners, and others of provisions of the anti-trust laws unless definite protection is provided for consumers with greater assurance of benefits for farmers," the Secretary said.

RENTAL PAYMENTS FOR COTTON LAND

Cotton growers who take part in the 1934 adjustment program seeking to restrict cotton plantings to 25 million acres will receive rental payments ranging from $3 to $11 an acre. The Agricultural Adjustment Administration is preparing to launch a campaign in the Cotton Belt to organize producers into county associations for cotton production control next year. Producers taking part in the program will be paid, in addition to rental payments, a benefit on the domestic portion of their crop if the average price during next season is below parity. Rentals that have been advanced will be deducted from such benefit payments if next year's price levels require allotment payments. Rental payments will be based upon the productivity of the land. The exact amount of the rental will be determined by the county associations, subject to the approval of the Agricultural Adjustment Administration.

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NORTHWEST WHEAT AGREEMENT SIGNED

Secretary Wallace on October 10 signed the so-called Portland marketing agreement under which approximately 35 million bushels of surplus Pacific Northwest wheat may be exported. The agreement is between the Secretary and the North Pacific Emergency Export Association, a non-profit corporation formed by producers' organizations, grain and flour exporters, and grain cooperatives. The agreement was initiated by the Pacific Northwest interests themselves. It provides for reimbursing the association for the difference between the American domestic price paid to wheat producers and the lower world price at which the exported grain or flour will have to be sold. Offices of the association will be at Portland, Ore. The purposes of the agreement are to increase the return to Pacific Northwest wheat growers, to prevent Pacific Northwest grain from coming into competition in interior markets and depressing prices there, and to help carry out the terms of the International Wheat Agreement, which seeks to remove surpluses from the world market. Under the international agreement the export quota of the United States for the present year is 47 million bushels.

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SEEK VIEWS ON MASTER FISHING CODE

Representatives of the fishing industry will meet in Washington, D. C., October 19 and 20 to discuss the feasibility of presenting a "master" code of fair competition. The tentative code to be discussed has been evolved by a group representing the fisheries industries, but officials of the Agricultural Adjustment Administration desire the views of the entire industry. Representatives of the Administration are expected to attend as observers.

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LOANS TO HALT FORCED COTTON SALES

Loans on the current cotton crop to enable growers to market their cotton in an orderly way and not be forced to sell at low market prices because they need cash, will be made by a Commodity Credit Corporation organized under authority of the President with a 3-million dollar capital stock, paid for by an allocation of funds from the President's emergency fund provided by the Bankhead amendment to the National Industrial Recovery Act. Funds for loans will be furnished the corporation by the Reconstruction Finance Corporation. Secretary Wallace in explaining the loan said "Loans will be 10 cents per pound at the warehouse on cotton classing low middling or better as to grade, 7/8 inch or better as to staple; and 8 cents per pound on cotton classing low middling or better as to grade and under 7/8 inch as to staple." These loans will be available to farmers who agree to abide by the regulations and cooperate with the Secretary of Agriculture in the 1934 cotton acreage reduction program, providing a reduction of not more than 40 percent of the average acreage will be required of any farmer. Farmers who sign and fulfill contracts to cooperate in the program will get their benefit payments in addition to the loan. "The Government is providing the means to carry this cotton so that the men who produced it and who will cooperate in the production control program will benefit from any increase in price that may result from our efforts to obtain fair-exchange prices for farm commodities," Secretary Wallace said. The loan will be stepped up at the rate of 45 cents per bale for each month after October. This will cover carrying charges and interest. The interest rate to farmers will be 4 percent. Loans will be subject to call at 15 cents per pound or better.

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LOSS-LEADER SALES ARGUED AT HEARING

The problem of preventing destructive price cutting in the marketing of food products was the subject of extended discussion as the public hearing on the proposed master code of fair competition for the food and grocery industry continued four days from October 9 to 12. As proposed by the industry, the code seeks to prevent loss-leader selling by providing for minimum wholesale mark-up of 2 1/2 percent and a minimum retail mark-up of 7 1/2 percent. Those favoring the mark-up provisions argued that loss-leader selling is injurious to farmers in that it demoralizes prices for their products, and of no real benefit to consumers in that it leads them to think they are getting "something for nothing." The practice tends to promote deception and trickery in the distributing field, they claimed. Opponents, on the other hand, asserted the mark-up provisions are "utterly impossible of enforcement," and would lead to greater confusion than exists at present. It was also pointed out that the mark-up might open the way to profiteering.

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1933 COTTON PAYMENTS NEARLY COMPLETED

More than three-fourths of the South's cotton farmers, who took part in the 1933 cotton reduction program, have received rental or benefit checks from the Agricultural Adjustment Administration. Up to October 13, 7 a.m., 815,881 checks had been sent to cotton growers. These checks totaled $87,059,000.

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NEWS DIGEST
AGRICULTURAL ADJUSTMENT ADMINISTRATION

Volume 1, Number 3. October 21, 1933

DAIRY SURPLUS REMOVAL PLANNED

Incorporation of the Dairy Marketing Corporation, an industry sponsored organization set up under the laws of Delaware as a clearing house to handle surplus dairy products under an agreement with the Secretary of Agriculture, was announced by the Agricultural Adjustment Administration October 20. Chicago will be the headquarters of the corporation. H. C. Darger will be general manager. There are 10 directors representing producers, processors, and distributors. The corporation is to function in the removal of surplus dairy products from markets. The Secretary will purchase dairy products from the corporation and the Federal Emergency Relief Administrarion will distribute to the needy. In authorizing the execution of the agreement Secretary Wallace stated that it was not to be taken as a precedent, and that other commodities purchased by the Secretary would be handled by the Surplus Relief Corporation. The necessity for adjusting domestic dairy production to demand was recognized by the industry in signing the agreement.

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CORN-HOG PLAN READY FOR FARMERS

A plan for reducing corn acreage by at least 20 percent and hog farrowing by at least 25 percent in 1934, has been announced by Secretary Wallace and the Administrator of the Agricultural Adjustment Act, with the approval of President Roosevelt. The plan involves a maximum of $350,000,000 in benefit payments to American farmers who participate in the corn and hog adjustment program. It is designed to remedy the distress that has afflicted corn and hog producers for the past 12 years. The plan was formulated after conferences with the National Corn-Hog Committee of Twenty-five, composed of producer representatives of 10 Middlewestern States. Between one and one-half and two million farmers in this country produce corn and hogs as a major enterprise. The majority of these are in Ohio, Indiana, Illinois, Missouri, Kansas, Nebraska, Iowa, South Dakota, Minnesota, and Wisconsin. Payments to each farmer for corn reduction will be in the form of a rental at the rate of 30 cents per bushel on the average preceding three-year production of the contracted acreage, providing the grower agrees to reduce his acreage not less than 20 percent of the average grown during the last three years. Each farmer who participates in the hog adjustment program will receive adjustment payments of $5 per head on the number of hogs equivalent to 75 percent of the average annual number of hogs farrowed on his farm and sold by him during the past two years, providing he reduces his number of litters 25 percent, and the number of hogs sold 25 percent. The announcement of the corn-hog program for 1934 follows the completion of the emergency hog program under which 6,300,000 pigs and 220,000 sows were purchased for slaughter, and which gave farmers a return of approximately $31,000,000.

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ANNOUNCE HOG PROCESSING TAX

A processing tax on live hogs, at an initial rate of 50 cents per hundredweight, effective November 5, 1933, has been announced by Secretary Wallace, with the approval of the President. Funds derived from the processing tax will be used to finance the recently completed emergency hog program under which payments have already been made to farmers, and will provide funds for further payments to farmers under the corn-hog production adjustment program for 1934. In accordance with the regulations, the processing tax will be increased to $1 per hundredweight on December 1, 1933; to $1.50 per hundredweight on January 1, 1934, and to $2 per hundredweight on February 1, 1934. It will continue at that rate after February 1 until the end of the 1934-35 hog marketing year, unless the Secretary finds it necessary to adjust the rate as provided under the Agricultural Adjustment Act. Prices are now approximately $4 per hundredweight, less the fair exchange value of hogs. The rate of the initial processing tax on live hogs was established at less than the full difference between the current average farm price and the fair exchange value of hogs, as a result of testimony presented at a public hearing in Washington, September 5, which indicated that imposition of the full difference between current average farm price and fair exchange value of hogs would cause an accumulation of surplus stocks and depression in farm prices of hogs.

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HEARING ON CORN-HOG COMPENSATORY TAXES

Two public hearings on compensatory taxes which might be imposed on commodities competing with corn and its products and with hog and pork products have been called by Secretary Wallace. Compensatory taxes on products competing with hog and pork products will be considered at a hearing set for October 30, at the Mayflower Hotel in Washington. On November 2, at the same place, a hearing will be held on the question of compensatory taxes on products competing with corn and its products.

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FRUIT AGREEMENT IN EFFECT

Secretary Wallace has approved an agreement covering the marketing of apples, pears, peaches, cherries, fresh prunes, and other tree fruits grown in Washington, Oregon, Idaho, and Montana. It became effective October 14, and was conditioned upon reaching an understanding with the industry on minor provisions.

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CHECKS SENT TO CIGAR-LEAF GROWERS

Up to October 19, cigar-leaf tobacco growers in New England, Pennsylvania-New York, Ohio-Indiana, Wisconsin-Minnesota, and Georgia-Florida districts, had received checks totaling $407,424.22 as the first payment for their participation in the 1933 production reduction program. The checks went to 5,201 growers. Additional checks are to be sent.

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BREAD PRICE MARGIN WIDENS IN 49 CITIES

Bakers' and retailers' margin in the price of bread increased during the four weeks from August 29 to September 26 from 4.66 cents per pound loaf to 5.01 cents, the consumers' counsel of the Agricultural Adjustment Administration reports. During this period consumers in 49 cities had to pay 0.3 cent more for a pound loaf, though at the same time the cost of materials declined .05 cent per pound loaf. While some of the increase in spread may be due to better pay to workers, the consumers' counsel points out that the machine has so largely replaced hand labor in the manufacture of bread that the cost of labor forms only a small part of the price of a loaf. He says there would have to be a large increase in labor costs before it would show in the retail price. "Compared with margins in previous years, a margin of 5.01 cents may not be excessive, but danger lies in the increase if it exceeds wage advances to workers," the consumers' counsel said. In contrast to the bakers' and retailers' margins, the millers' margin on flour in the pound loaf dropped from 0.60 cent on August 29 to 0.51 cent on September 26, exclusive of the processing tax. Shippers', transporters', and wholesalers margin advanced from 0.19 cent per pound loaf to 0.28 cent during the same period. In August the farmer got about 1.1 cents for wheat going into a pound loaf, while on September 26 he got 1.05 cents.

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EVANSVILLE MILK AGREEMENT SIGNED

A milk marketing agreement and license for the Evansville, Ind. metropolitan area, was signed by Secretary Wallace to become effective October 23. The area has a consuming population of more than 110,000, for whom milk is supplied daily by around 700 farmers. It is estimated that the income to producers in the Evansville area will be increased by about $4,500 per month, and the market will be protected from price cutting. The retail price to consumers remains at 10 cents per quart, as before the agreement was formulated. Distributors' spread in retail sales was reduced from about 6.5 cents per quart to 5.9 cents per quart.

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GROWERS TO GET COTTON OPTIONS

A total of $94,113,451 of the approximately $111,000,000 to be paid to cotton growers for participation in the 1933 reduction program had been sent to producers in the South up to 7 a.m. October 20. This money was sent in 897,238 checks. Options to approximately 660,000 growers for approximately 2,400,000 bales of cotton at 6 cents per pound are being made ready by the Agricultural Adjustment Administration for simultaneous distribution on a date yet to be fixed.

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COTTON LOANING MACHINERY READY

In order to make loans on the unsold portion of the 1933 cotton crop available to the producers, the Commodity Credit Corporation is distributing one million note forms and loan agreements, together with regulations governing the loans, to county agricultural agents and lending agencies of the Reconstruction Finance Corporation, in Federal Reserve points in the South, including cities with Federal Reserve branch banks. Existing agencies throughout the Cotton Belt will be utilized. Loans may be negotiated directly with lending agencies of the Reconstruction Finance Corporation, or through other lending agencies. They will be made only on cotton delivered by the producer at the warehouse. Producers who have already stored their cotton and hold warehouse receipts, may procure loans. Lending agencies or other agencies dealing in cotton, may make loans in accordance with the regulations of the corporation, and such paper will be purchased by the corporation up to June 30, 1934. Only those growers who agree to participate in the 1934 cotton reduction program will be eligible to obtain loans. The object of the operation is to enable growers to market cotton in an orderly way and not be forced to sell at low prices because they need cash.

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HOLD PECAN CODE HEARING

Distributors, processors and associations of pecan growers, who pack, process, and distribute papershell pecans through commercial channels, will gather in Washington, October 23, for a public hearing on a code of fair competition. The code seeks to eliminate price cutting and other unfair trade practices to which the industry has been subject in the last few years. The estimated farm value of pecans is between $2,000,000 and $3,000,000 a year. Georgia is one of the leading producing states.

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SOUTHERN RICE AGREEMENT SIGNED

Adjustment of rice production and marketing in the United States was brought nearer to realization when Secretary Wallace approved, on October 14, a marketing agreement for the Southern rice industry. This agreement is similar to that for the California industry, which went into effect September 26. The Southern agreement was signed by 35 out of 38 rice milling companies in Louisiana, Arkansas, Texas and Tennessee. Mills not signing joined with those who did in requesting licensing to make the agreement effective. All Southern growers' organizations took part in formulating the agreement.

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NEWS DIGEST

AGRICULTURAL ADJUSTMENT ADMINISTRATION

Volume 1, Number 4 October 28, 1933

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AGRICULTURAL ECONOMICS
U. S. DEPARTMENT OF AGRICULTURE

FARMERS PLEDGE WHEAT REDUCTION

Farmers of the country have thus far pledged to take 7,788,000 acres of land out of wheat production in 1934.

With returns of the sign-up campaign practically complete for most States, officials of the Agricultural Adjustment Administration announced that approximately 80 percent of the average national seeded acreage has been placed under wheat reduction agreements. A total of 570,263 applications, representing 51,925,612 acres, have been reported. This acreage is to be reduced by 15 percent for the 1934 crop, in accordance with the wheat agreements. As a result of the sign-up campaign, those taking part in the program will receive slightly more than $102,000,000 in benefit payments this fall and next spring. "Signing and fulfilling contracts on the basis of these applications will result in a substantial advance in the task of balancing wheat production in this country," Secretary Wallace said in commenting on the sign-up. "The heart of the Administration's program lies in placing the benefits of cooperation and acreage reduction in the hands of those who cooperate. The Administration has offered its plan to producers and a majority of them have accepted it. There has been no pressure on any farmer to join the program. Taking out of production the 7,788,000 acres thus far accounted for will have a fundamentally constructive effect on the wheat situation. If those who remain outside of the wheat program selfishly seek to take advantage of those who participate and thus partly nullify the reduction indicated, the responsibility will be theirs. Farmers who take part in the plan are assured of the benefit payments, plus the market price. Those outside take their chances on the market price." On the basis of applications and acreages already reported the 20 leading wheat states will receive approximately the following total adjustment payments between now and next spring: Kansas, $24,285,000; North Dakota, $14,683,000; Nebraska, $6,426,000; Oklahoma, $6,891,000; Montana, $6,463,000; Washington, $5,001,000; South Dakota, $5,229,000; Texas, $3,297,000; Illinois, $2,618,000; Ohio, $1,607,000; Idaho, $3,464,000; Indiana, $1,113,000; Oregon, $2,777,000; Minnesota, $1,709,000 Missouri, $1,543,000; Colorado, $2,318,000; Michigan, $743,000; California, $1,086,000; Virginia, $548,000; Maryland, $811,000.

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LICENSE NORTHWEST FRUIT SHIPPERS

A license in support of the Northwest tree fruit marketing agreement in effect in Washington, Oregon, Idaho, and Montana, was signed October 27, by Secretary Wallace. It applies to all shippers of tree fruits in that area. Those shippers who signed the agreement requested the license in order to prevent a minority from defeating the purpose of the agreement, which is to increase returns to growers.

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LOANS ON FARM WAREHOUSED CORN Loans on corn properly warehoused and sealed on farms, in states where there is a farm warehouse act, will be made by the Commodity Credit Corporation, it was announced following a conference between President Roosevelt and Secretary Wallace. Loans will be on the basis of 50 cents per bushel for No. 2 December corn, Chicago, to farmers who sign agreements to cooperate in the corn-hog reduction program. The interest rate will be 4 percent. Loans will not constitute a lien upon benefit payments to be made in connection with the corn-hog reduction program, but will provide farmers with working funds in advance of the time when benefit payments can be made. The amount of money which may be loaned on a certain number of bushels of corn at a given point will depend upon the grade of corn, when warehoused, and upon the prevailing price differential between the local point and Chicago. Corn which grades lower than No. 2, will qualify for a loan per bushel in proportion to the difference in current value between No. 2 corn at Chicago and the lower grades. States which have laws permitting loans on grains stored on farms are Iowa, Illinois, Minnesota, North Dakota, South Dakota, Kansas, Colorado, Mississippi, Montana, and Oregon. Note forms, loan agreements, and regulations governing the loans are being worked out by officials of the corporation and will be distributed as soon as possible through county agricultural extension agents and other agencies helping to handle the loans.

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PROCESSING TAX ON FIELD CORN A processing tax on field corn at the rate of 28 cents per bushel of 56 pounds will become effective November 5, the beginning of the first marketing year, Secretary Wallace has announced with the approval of the President. The rate per bushel equals the difference between the current average farm price and the fair exchange value of field corn. The returns will be used to make benefit payments to farmers under the corn-hog adjustment program for 1934. Corn processed by or for a farmer for consumption by his own family, employees, or household, is exempt from the processing tax. A public hearing in Washington to be held November 2, will consider the question of whether the full legal processing tax would cause a reduction in the consumption of corn and tend to build up a burdensome surplus. Compensating taxes on products that compete with corn and its products will be considered at the same hearing.

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OKLAHOMA CITY MILK HEARING Secretary Wallace has called a public hearing on the proposed milk marketing agreement for Oklahoma City, Okla., to be held in the Skirvin Hotel, Oklahoma City, beginning at 9:30 a.m. November 6. The agreement was proposed by the O.K. Cooperative Milk Association.

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SIGNS NEW ORLEANS MILK AGREEMENT

The first marketing agreement and license for milk distributing agencies in any large city of the South was signed for New Orleans, October 27, by Secretary Wallace. Under its terms producers will receive a net increase of $1.15 per 100 pounds of milk. On the basis of the present average volume of milk in Class 1, the monthly increase to farmers through the price schedule in the agreement amounts to about $90,000. Approximately 4,000 farmers will share in this increase as well as the increase in prices which they are to receive for milk in Classes 2 and 3. The agreement was submitted by the Dairy Farmers' Protective League, Inc., and the Dairymen's Protective Association, on behalf of the majority of the fluid milk and cream shippers supplying the New Orleans area. The farmers in the production zone live in 18 counties of Louisiana and 14 counties of Mississippi. Before the agreement was negotiated, producers received $1 net per 100 pounds f.o.b. New Orleans, after paying freight and cooling station charges. Under the agreement the basic price to producers will be $2.15 net f.o.b. after deducting freight and other charges. The price schedule advances the price to consumers 93 cents per 100 pounds and gives the producer an increase of $1.15.

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AMEND PHILADELPHIA MILK AGREEMENT

Milk distributors and dealers in Philadelphia have been asked by the Agricultural Adjustment Administration to accept important amendments in the price structure of their marketing agreement. The amendments were submitted after a three-day public hearing in Philadelphia and a Federal audit of distributors' and milk dealers' books in that area. The proposed changes would narrow the spread to distributors without increasing prices paid by consumers, and would result in farmers receiving an average increase of 24 cents per 100 pounds of milk, or a trifle over one-half cent per quart. The dealers and distributors have been asked to accept the amendments voluntarily, to make them effective as of October 15, and to adjust their checks to farmers accordingly.

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DES MOINES, KNOXVILLE UNDER MILK AGREEMENTS

A milk marketing agreement and license for the Des Moines, Ia., area became effective at 12:01 a.m. October 28. It was signed by Secretary Wallace on October 24. A major representation of the milk marketing industry in the Des Moines area signed the agreement before it was finally approved by the Secretary. The agreement provides for an advisory board of seven representatives of the industry, chosen subject to the approval the Secretary. It fixes prices to producers and to consumers but does not include the base and surplus plan of fixing prices to producers. A license for milk distributors in the Knoxville, Tenn., sales area in support of the marketing agreement for that area now in effect. became effective at 12:01 a.m. October 28. As signed by Secretary Wallace the license sets prices to producers and to consumers, prescribes methods of payment, requires the keeping of records which shall be available to inspection of the Secretary, and provides machinery for the administration of the agreement.

INCREASE MINIMUM CIGAR-LEAF PAYMENTS

District agents representing the Agricultural Adjustment Administration in cigar-leaf districts of New England, Pennsylvania-New York, Ohio-Indiana, and Wisconsin-Minnesota have been notified to begin immediately the second certification of fulfillment of contracts so that the second and final 1933 payments may be made to growers who took part in cigar tobacco production reduction. At the same time it was announced that the minimum schedule of payments specified in the contracts for the different districts has been increased. Cigar-leaf growers will receive higher rates of payments and may obtain their second payments before the date specified in the contract. In increasing the schedule it is pointed out that consideration has been given to those growers who, through previous reduction have been left with small base acreages. Rates for these small growers have been increased to compensate them more fully for taking part in the reduction program, which began in July. The following table shows, for each district, the new schedule of second payments per acre according to the number of acres on which a grower is paid:

RATE OF PAYMENT PER ACRE

No. of Acres for Payment	Ohio - Ind.	Wis. - Minn.	Penn. - N.Y.	New England
0.1 to 1.0	$ 12.50	$ 16.00	$ 19.00	$ 36.00
1.1 to 2.0	11.50	14.50	17.50	33.00
2.1 to 3.0	11.00	14.00	17.00	32.00
3.1 and over	10.50	13.50	16.50	31.00

The minimum rates per acre for the second payments specified in the contracts are: Ohio-Indiana district, $9; Wisconsin-Minnesota, $12; Pennyslvania-New York, $15; and New England, $28.

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HEARING ON SPICE INDUSTRY CODE

A public hearing on a code of fair competition for the spice grinding industry will be held at the Lafayette Hotel, Washington, beginning at 9:30 a.m. on November 2. The code has been submitted to the Agricultural Adjustment Administration by the American Spice Trade Association.

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CONSIDER WAYS TO IMPROVE PEANUT PRICES

Proposals for a marketing agreement for peanuts involving payment of minimum prices to producers by shellers and control of production are being considered by the special crops section of the Agricultural Adjustment Administration as a means of bringing better prices to growers. The Commodity Credit Corporation is investigating the possibility of making loans to peanut growers to enable them to hold their crop for orderly marketing. A code of fair competition for the peanut milling industry was considered at a public hearing October 20. The bulk of the peanut crop is grown in Georgia, Alabama, North Carolina, Texas, and Virginia. In 1931 the commercial value of the crop was $22,600,000 and in 1932 it was $14,300,000.

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NEWS DIGEST

AGRICULTURAL ADJUSTMENT ADMINISTRATION

Volume 1, Number 5 November 4, 1933

COTTON, TOBACCO, WHEAT REDUCTION PAYMENTS

Up to 7 a.m. November 3, cotton growers had received from the Agricultural Adjustment Administration 964,172 checks totaling $102,626,223.12 in payments for taking part in the 1933 cotton reduction program. For taking part in the 1933 cigar tobacco reduction program, the Administration sent to growers in the Georgia-Florida, New England, Pennsylvania-New York, Ohio-Indiana, and Wisconsin-Minnesota districts 15,041 checks totaling $1,138,581.81. First payments to wheat growers on contracts to reduce production in 1934 began moving to farmers this week. Growers were sent 698 checks totaling $60,065.

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CONSIDER BURLEY TOBACCO PROGRAM

A program to reduce Burley tobacco production by one-third in 1934 is under consideration by the tobacco section of the Agricultural Adjustment Administration. Representatives of growers from Kentucky, Virginia, and Tennessee, who attended conferences with Administration officials, endorsed the tentative program. They urged that contracts to reduce production be taken to the field for growers to sign before the markets open December 4. While the tobacco section was working on the details of the proposed program the Administrator of the Agricultural Adjustment Act invited leading buyers of Burley tobacco to Washington for an informal conference November 8, to consider the proposed Burley adjustment program, including a marketing agreement. Leading buyers of Burley tobacco invited to the conference are P. Lorrillard Company, R. J. Reynolds Tobacco Company, Brown and Williamson Tobacco Company, American Tobacco Company, Liggett and Myers Tobacco Company and Axton Fisher Tobacco Company.

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WEAVER HEADS NEW SUGAR SECTION

Problems connected with the sugar industry which heretofore have been handled direct by administrative officials will in the future be delegated to a sugar section established November 2 in the Agricultural Adjustment Administration with A. J. S. Weaver, head of the rice section, as chief. Mr. Weaver will also continue as chief of the rice section.

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ASK FOR BIDS ON HOG BY-PRODUCTS

Sealed bids for the inedible grease and fertilizer tankage resulting from the emergency hog marketing program will be received by the meat processing section of the Agricultural Adjustment Administration until 1 p.m. November 20. Approximately 3,450 tons of fertilizer tankage, produced by the wet rendering process, and approximately 1,670 tons, produced by the dry rendering process, and approximately 20 million pounds of inedible hog grease are available to the highest bidders. Sealed bids may be submitted for all or part of these products.

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FIRST WHEAT PAYMENTS MOVE

Payments to wheat growers taking part in the Agricultural Adjustment Administration's wheat reduction program began moving to farmers with the sending of a first lot of 485 checks totaling $52,147.60 to growers in Monona County, Iowa. First and second payments which growers will receive this Fall and next Spring are expected to reach $102,000,000, of which 70 percent will be paid this Fall. The first check issued was on the contract covering the farm operated by Orville J. Eisele on Onawa, Iowa, with Mr. Eisele receiving a check for $64.44, and his landlord, Mary McNeill, a check for $42.96. The average amount of the checks mailed to Monona County is $107.50. Checks to growers in other counties and to other states are being mailed.

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REGIONAL MEETINGS ON CORN-HOG PROGRAM

Regional meetings to discuss the plan for adjusting corn and hog production with Federal and State extension workers and members of State advisory committees have been scheduled by the Agricultural Adjustment Administration. The first meeting was held in Washington, October 31. The second was held in Indianapolis, November 2 and 3. Others are to be held in Kansas City, November 6 and 7; St. Paul, November 8 and 9, and Chicago, November 10 and 11. It is expected that these meetings will be followed by the organization of county corn-hog adjustment committees in the producing states.

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ASK PECAN BUYERS TO OBSERVE MINIMUM PRICES

Distributors who purchase pecans from growers have been requested by the Administrator of the Agricultural Adjustment Act to maintain minimum prices as voluntarily agreed upon by a majority in the industry, and to eliminate unfair trade practices until approval of a formal marketing agreement.

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BEGIN EXPORTS OF NORTHWEST WHEAT

Up to November 1, the North Pacific Emergency Export Association, recently organized under the terms of a marketing agreement to further exports of surplus wheat in Oregon, Washington and Idaho, had purchased and sold approximately 750,000 bushels of wheat for export from those states, since buying began on October 19.

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BOSTON AREA UNDER MILK AGREEMENT A milk marketing agreement and license for the Boston area was signed by Secretary Wallace and became effective November 3, at 12:01 a.m. The agreement was presented to the Agricultural Adjustment Administration by Consolidated Dairies for the producers of the New England territory, including Maine, New Hampshire, Vermont, Massachusetts and Eastern New York. Consolidated Dairies represent the New England Milk Producers Association and the majority of all cooperative creameries selling in the New England territory. A committee of New England Governors approved the agreement but requested that later they be given an opportunity to be heard on amendments. It is expected that under its terms the income of producers will be increased by $45,000 per month. In July, when the agreement was filed, the price to the farmer was 5¼ cents per quart. The agreement provides for a price to the producer of 6½ cents per quart. No increase in price to consumers is specified in the agreement. The base and surplus plan is used for producers and a plan for equalization of sales is included so that all producers will get uniform returns.

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AMEND CHICAGO MILK AGREEMENT Amendments to the milk marketing agreement and license for the Chicago metropolitan area, revising the price schedules in the agreement and license which went into effect August 1, were signed by Secretary Wallace and became effective at 12:01 a.m. November 3. Under the amendments the price to producers of fluid milk is increased from $1.75 per 100 pounds to $2.10 per 100 pounds. The price to consumers is increased from 10 cents to 11 cents per quart, and is the same price they paid in October 1932. Milk for official relief and welfare agencies may be sold at the wholesale price of 9½ cents a quart, delivered to homes by the distributors. Higher feed prices and rising farm costs led to the request for the amendments to the original agreement. This request was made early in September by producers through the Pure Milk Association.

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LOS ANGELES AGREEMENT OUT FOR SIGNATURE Tentative approval of a milk marketing agreement the Los Angeles, Calif. milk shed has been given by Secretary Wallace. The agreement has been forwarded to the dairy industry in that area for signature by its proponents. It will receive final consideration by the Secretary after it has been returned. Under the proposed agreement the retail price is reduced 1 cent per quart on home delivered milk without any reduction in wholesale or store prices. A 1 cent differential between wagons and stores instead of the present differential of 2 cents is provided. About 2,000 producers would be affected by the agreement.

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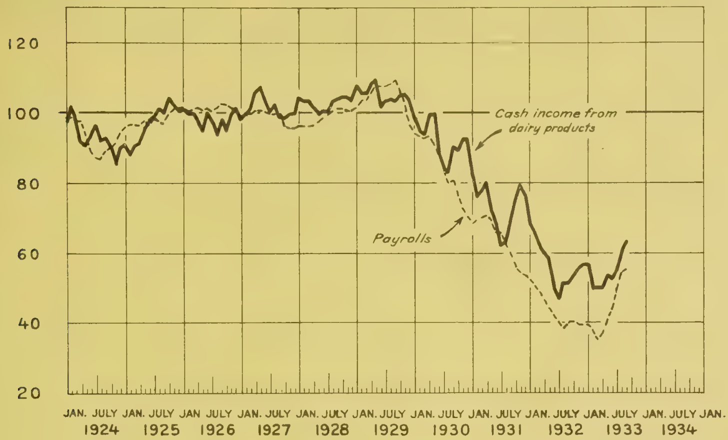
FACTORY PAYROLLS AND FARM CASH INCOME FROM DAIRY PRODUCTS
ADJUSTED FOR SEASONAL VARIATION, 1924-1929=100



U S DEPARTMENT OF AGRICULTURE NEG.28440 BUREAU OF AGRICULTURAL ECONOMICS

The above graph, adjusted for seasonal variation, shows the relationship between factory payrolls and farmers' cash income from dairy products. From this graph it will be seen that since April 1933 cash incomes of dairymen have risen with factory payrolls. Taking 1924 to 1929 as a base period equal to 100 percent, cash income from dairy products was reduced to only 50 percent by the end of 1932. Returns from other commodities, however, such as cotton and grains, which depend much more on international price conditions, fell to 20 percent of the 1924-29 level. From the low point in February, March, and April, farm income from dairy products climbed from an index of 50 percent to an index just under 65 percent in October. Payrolls climbed from the low point of 35 percent in March to a little over 55 percent in October. In March of this year the average price of butterfat was 15.1 cents per pound. In July, when butter prices shared in the speculative conditions in the commodity markets, it was 19.7 cents, and in October, 20 cents. This increase has been partly offset by a rise in prices of things farmers buy of 16.5 percent since March. The March butterfat price was 57 percent of parity, the July price was 82 percent, and the October price, 66 percent of parity, or 9 percent above that of last March. Efforts of the dairy industry and the Agricultural Adjustment Administration to support butter prices during September and October have played a part in preventing the heavy storage stocks from having their usual depressing effect and resulted in higher returns to dairymen.

In actual money, dairy products brought dairymen about 90 million dollars a month during July, August, and September compared with 70 million dollars in March and April of this year and 75 million dollars in August and September of last year.

NEWS DIGEST
AGRICULTURAL ADJUSTMENT ADMINISTRATION

Volume 1, Number 6 November 11, 1933

EQUALIZING PAYMENTS TO FLUE-CURED GROWERS

Growers who sign agreements to reduce flue-cured tobacco production in 1934 and 1935, and who sold all or any part of their 1933 crop before and including October 7, will be given a "price equalizing payment" based upon price advances "to and following October 7." These price advances are largely the result of a marketing agreement negotiated by the Agricultural Adjustment Administration with domestic tobacco buyers. The agreement, signed October 12, requires domestic buyers to pay not less than 17 cents per pound for tobacco purchased by them from September 25, the day the markets opened after the market holiday. Under this minimum price, domestic buyers agreed to purchase about 250,000,000 pounds. Before the market holiday, on September 1, they had bought about 75,000,000 pounds. The "price equalizing payment" is designed to extend to those growers who sold tobacco before the agreement became effective, benefits received by growers who sold tobacco at the improved prices resulting from the agreement. Current prices range between 40 and 50 percent higher than those before September 1. The "price equalizing payment" will be 20 percent of the net receipts from tobacco sold from August 1 to September 1, inclusive, and/or a payment of 10 percent of the net receipts from the tobacco sold from September 25 to October 7, inclusive. Approximately $4,000,000 in the "price equalizing payment" will be distributed to eligible growers. The agreements to reduce production will be offered to all flue-cured growers within the next 10 days and will be accompanied by applications for the "price equalizing payment."

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CATTLE AND SHEEP SECTION ESTABLISHED

A cattle and sheep section has been established in the Agricultural Adjustment Administration to develop a program under the marketing agreement provisions of the Agricultural Adjustment Act. The object of the program will be to increase returns to producers. Harry Petrie of Red Bluff, Calif., for many years a livestock producer in the Western States, has been designated chief of the section which will operate under the general supervision of the directors of the production division and the processing and marketing division.

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COMMITTEE TO REVIEW DAIRY ADJUSTMENT PLANS

A committee of officials of the Agricultural Adjustment Administration and other organizations of the Department of Agriculture, with a member from outside the Department will study and review suggestions and proposals for systematic control or adjustment of dairy production throughout the country. These have been received from individuals and groups of producers.

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BENEFIT PAYMENTS INCREASE FARM INCOMES The income of farmers is being markedly increased by benefit payments which the Agricultural Adjustment Administration is making and will make to those who take part in production adjustment programs. These benefit payments have supplemented the increased income of farmers resulting from the general price rise in agricultural products since last March. This price rise, however, has been somewhat offset by increased prices of things which farmers buy (see graph, Page 4). During the five months from August to December, benefits to farmers will be equivalent to a 20 percent increase over the cash farm income for the same period last year. Material increases in farm incomes have been noted in the cotton, wheat, tobacco, and the corn and hog belts, where payments have been made or are being made to those who make required adjustments in production. Other farm areas are benefiting from marketing agreements, which among other things, are designed to improve prices paid to farmers. Between March and September the net increase in farmers' cash income, exclusive of benefit payments, was about 16 percent more than usual. Including the benefit payments, the net increase amounted to more than 50 percent. Increased buying by farmers has already been reflected as a result of the higher level of farm income, though this higher level is more or less regional. Mail order sales in general are at least 25 percent higher than they were a year ago, and in the South, where cotton and tobacco adjustment programs are under way, mail order purchases have risen more than this. Similar effects are being noted as benefit payments reach communities in the wheat and corn and hog belts.

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PORK BUYING SUPPLEMENTS CORN-HOG PROGRAM To remove burdensome surpluses which still depress the hog market and to aid needy families, a maximum of approximately 300,000,000 pounds of cured hog products, the equivalent of about 3,000,000 live hogs, is to be purchased through bids during the next seven or eight months under plans being jointly formulated by the Agricultural Adjustment Administration and the Federal Emergency Relief Administration. Bids on the first purchases, amounting to about 75,000,000 pounds of product for delivery in January, will be opened November 17. Subsequent bids for hog products to be distributed through noncompetitive trade channels, will be received and opened on the first day of each following month up to June 1, 1934. Specifications stipulate that hog products must be processed from live hogs of average good quality and weigh between 100 and 215 pounds. This is expected to encourage marketing of light hogs, further reducing the tonnage of hogs marketed through next year. The program of buying products from about 3,000,000 live hogs supplements the corn and hog adjustment plan for 1934 from which participating farmers will receive $350,000-000 in benefit payments. Funds to purchase the hog products are to be derived from the relief appropriation made in the Federal Emergency Relief Act and from a portion of the proceeds of the processing tax on live hogs under the Agricultural Adjustment Act.

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CORN LOANS AT 45¢ PER BUSHEL

A commitment of $150,000,000 from the Reconstruction Finance Corporation for the purpose of making loans at the rate of 45 cents per bushel on the farm against merchantable corn properly stored and warehoused has been obtained by the Commodity Credit Corporation, with the approval of the President, Secretary Wallace announced November 9, The new basis of 45 cents per bushel on the farm replaces the basis of 50 cents per bushel, f.o.b. Chicago, for No. 2 corn, originally announced. Corn loans will be made to original producers or farmers acquiring corn from original producers, provided both the producer and the farmer who purchases for feeding agree to cooperate in the Agricultural Adjustment Administration's 1934-35 corn-hog production adjustment program. Loans, with warehouse certificates as collateral, will be at 4 per cent interest. The corn is to be warehoused under seal on the farm in States having farm warehouse laws, and in other eligible States corn must be stored by producers in public warehouses. Farmers will be eligible for corn loans in all of Iowa, Indiana, and Illinois, and those parts of Kansas, Missouri, Nebraska, South Dakota, Minnesota, Ohio, and Wisconsin, where corn is a major crop.

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NEW RATE FOR CORN PROCESSING TAX

In consideration of testimony presented at a public hearing in Washington on November 2, and data obtained through investigations by the Agricultural Adjustment Administration, Secretary Wallace, on November 4, with the approval of the President, adjusted the rate of the processing tax on field corn and set the new rate at 5 cents per bushel, effective November 5, and the rate of 20 cents per bushel, to be effective December 1. Corn processed by or for a farmer for consumption by his own family, employees, or household, is exempt from the processing tax as is corn ground for feed purposes only. Funds derived from the processing tax will be used to make benefit payments to farmers who take part in the program to adjust corn-hog production.

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PLAN HEARING ON DISTILLERS' CODES

A public hearing on codes of fair competition and marketing agreements is to be called soon by the Agricultural Adjustment Administration as a result of discussions between officials of the Administration and members of the distillers' industry. Leaders of the industry have pointed out that among the things which might be accomplished under these codes are: (1) Laying the foundations for supervision which will facilitate collection of revenue by the Government. (2) Protection of the legitimate industry against competition from illicit trade. (3) Benefit to the farmers of the United States by encouraging the use of American grains at satisfactory prices. (4) Coordination of the various branches of the industry. (5) Temporary control of the liquor industry, through state code committees, by setting up regulations for the manufacture and sale of liquor during the interim period while states are enacting their own control laws.

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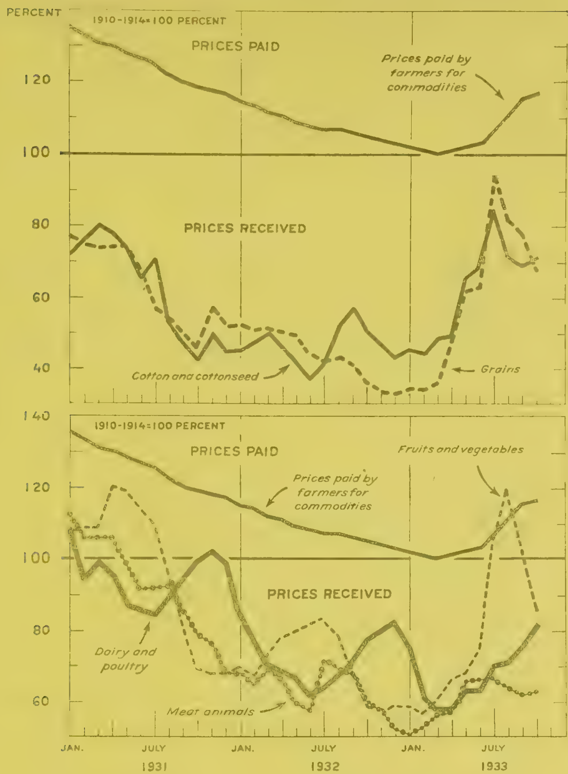
INDEXES OF PRICES RECEIVED AND PAID BY FARMERS



The upper portion of the above graph shows the present general upward climb of prices received by farmers for commodities sold, and prices paid by them for goods bought. The recovery efforts since March have brought about a sharp advance in prices of certain farm products, particularly grains and cotton, prices of which were at lower levels than prices of most other farm products. However, the sharp peak in prices of grains and cotton during June and July of this year were largely due to speculative activity. Commodities more strictly on a domestic basis, like meat animals, dairy and poultry products, have not shared the stimulus from monetary changes; but the prices of these commodities were also somewhat higher in October than they were a year earlier. The sharp advance in prices of fruits and vegetables is very largely due to a small crop of potatoes. The 17 percent advance in prices paid by farmers since March has partly offset the higher level of grain and livestock products. Cotton benefit payments in September and October and wheat benefit payments in November and December, mean practically parity returns to those growers who participate in the Agricultural Adjustment Administration's programs to adjust production.

NEWS DIGEST
AGRICULTURAL ADJUSTMENT ADMINISTRATION

Volume 1, Number 7 November 18, 1933

RESERVATIONS GO WITH ST. LOUIS MILK AGREEMENT

Tentative approval has been given to a milk marketing agreement for the St. Louis, Mo., area. Secretary Wallace and officials of the Agricultural Adjustment Administration made some reservations in their recommendation of the agreement, which has been sent to that area for signature by proponents, with the understanding that a re-audit of the books of milk dealers will be made immediately, in order to determine the reasonableness of the price schedules and spreads. The Administrator of the Agricultural Adjustment Act recommended that a hearing be called in that milk-shed within the next 30 days to bring to the attention of the community what it is paying for milk and reasons for this. He said, "This is the only method by which we can ascertain whether the price to the producer can be increased and the consumer protected. I have been informed from several sources, including Speaker Rainey of the House of Representatives, who is a resident of that area, that the situation is critical and that the adoption of the agreement at this time will do much to stabilize the area. Inasmuch as the analysis shows that the cost of distribution is excessive, it is recommended that the agreement be tentatively approved with the understanding that the distributors who are signatory to the agreement will take no steps, contractual or otherwise, to perpetuate the present costs of distribution or to increase them." Approximately 14,000 farmers produce milk for this market. Increased returns to them under the price schedules in the agreement would be $4,300 daily or about $1,600,000 a year over the prices in June, 1932, it is locally estimated. Prices to consumers would be 11 cents per quart delivered and 10 cents at stores. The 11-cent price is an increase of one cent over rates that have prevailed for 20 months. Producers will get 4.3 cents per quart on fluid sales, a gain of a trifle over one cent a quart.

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OPEN BIDS FOR RELIEF PORK

Bids for approximately 45 million pounds of cured hog products for relief distribution were opened November 17 by the Federal Emergency Relief Administration. They ranged from $9.49 to $19.50 per hundredweight, with the majority ranging between $16 and $17, including the equivalent of the processing tax of $1 per hundredweight of live hog which will be in effect November 30, 1933. Based on average processing costs and the product yield of light hogs, these bids are the equivalent of from $5 to $6.37½ per hundredweight of live hogs. Thirty-seven packing concerns submitted bids. Acceptance of satisfactory bids is expected in a few days.

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HEARING ON GRAIN EXCHANGE CODE

A public hearing on a code of fair competition submitted to the Agricultural Adjustment Administration by the grain exchanges of the country will be held in Washington, November 27. As filed for hearing, the code grants supervisory powers to the Secretary of Agriculture and provides for administration by the exchanges themselves. The supervisory and administrative provisions are in addition to previously announced steps for curbing speculative excesses and providing a more stable market. They include fixing of limits on minimum daily fluctuations in price, and sliding margin requirements on a percentage basis. Labor and employment sections are included in the code. Copies of the code may be obtained from the Chief Hearing Clerk, United States Department of Agriculture, Washington, D. C. The code was proposed by 12 exchanges and, as submitted in its final form, was drafted by a national committee of which E. J. Grimes of Minneapolis was chairman, in cooperation with the wheat section of the Processing and Marketing Division of the Agricultural Adjustment Administration.

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PAYMENTS MOVE TO WHEAT GROWERS

Wheat growers in 55 counties of 9 states up to November 17, have been sent 9,453 checks, totalling $481,830 as a first payment for their participation in the 1934 wheat reduction program. These checks went to Iowa, Nebraska, Missouri, Indiana, South Dakota, West Virginia, Virginia, Maryland, and New York. Approximately $102,000,000 will be paid to the nation's wheat growers for taking part in the wheat reduction program. Of this amount approximately $70,000,000 will be paid this winter.

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SHADE TOBACCO MARKETING AGREEMENT

Secretary Wallace has tentatively approved a marketing agreement for handlers of Connecticut Valley shade-grown tobacco, U. S. type 61, purchased in Connecticut, Massachusetts, New Hampshire, and Vermont. It has been sent to the handlers for signature and if returned without changes will be considered for final approval. The agreement would make possible allotments of acreage to growers and allotments which handlers may handle, permit establishment of minimum prices under which handlers would sell, require that all tobacco sold by handlers be graded under Federal supervision, provide for handlers to submit required reports to the Secretary, and establish terms and conditions of sale. A provision in the agreement would prevent shifting shade tobacco land into production of other types of tobacco or other basic farm commodities.

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BEGIN FINAL DRAFT CORN-HOG AGREEMENT

Final drafting of the agreement to be offered corn and hog producers, under the 1934-35 production adjustment program, has been started by the Agricultural Adjustment Administration. Four preliminary conferences in the Middlewest with State Extension workers and leading corn and hog producers have been held to consider phases of the program.

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CONSIDER MASTER CODE FOR POULTRY AND EGGS

Representatives of the marketing branches of the poultry industry are discussing with officials of the Agricultural Adjustment Administration a master code of fair competition for wholesale groups engaged in procuring and distributing poultry and eggs in the United States. Removal of some unfair practices and waste in marketing poultry and eggs, and increased returns to producers are sought. It has been suggested that regional or supplementary codes might be drafted to meet local problems. A hearing on this code is expected to be held in the near future. Already a public hearing has been held on a code for commercial hatcheries of chicks, poults, and ducks. This code when finally approved will apply to more than 6,000 commercial hatcheries in the United States.

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TWO CITRUS AGREEMENTS TENTATIVELY APPROVED

Two marketing agreements covering oranges and grapefruit, the first of a series of three separate agreements upon which it is proposed to base a national stabilization plan for the citrus industry, have been tentatively approved by Secretary Wallace and sent to shippers for signature. One is for Florida, the other is for California and Arizona. One for Texas is pending. Under the two agreements the prorate principal is extended by allotments to growers of fruit not controlled by or contracted for by any shipper, and allows buyers or shippers to ship fruit under the allotment of these growers. Supplies of fruit sent to market would be regulated through the prorate plan under which weekly estimates are made of the amount of fruit which the market would take. The object of each of the agreements is to stabilize the citrus industry and increase returns to growers.

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OLIVE AGREEMENT SENT FOR SIGNATURE

A marketing agreement for the ripe olive canning industry of California has been tentatively approved by the Agricultural Adjustment Administration and sent to canners for signature. As now drawn it sets minimum prices to producers, provides for a schedule of minimum resale prices, and establishes a crop estimating committee and a control committee of growers and canners to determine the total pack and prorate tonnage to growers. According to estimates the agreement would bring this year's income of growers up to $937,000, which is $400,000 more than they would otherwise receive.

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PRESIDENT APPROVES DATE-PACKING CODE

The first code affecting agricultural and food products was signed by President Roosevelt. It governs the imported date-packing industry. The code incorporates many of the fair trade practices enumerated in the model code of the Agricultural Adjustment Administration, provides for open price competition, and prohibits destructive price cutting. Labor provisions in the code are under the National Recovery Administration. The date-packing industry, established at widely scattered points in the United States, handles approximately 65 percent of all the dates imported, and has an invested capital of about $8,000,000.

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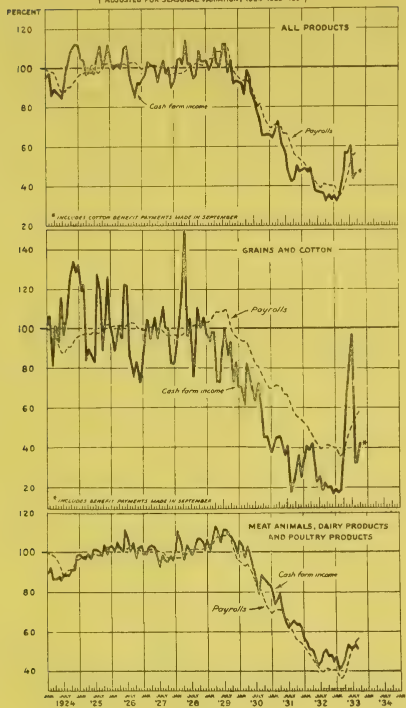
FACTORY PAYROLLS AND CASH INCOME FROM FARM PRODUCTS
(ADJUSTED FOR SEASONAL VARIATION, 1924-1929=100)



From the upper section of the above graph it will be seen that there is a direct relationship between the size of factory payrolls and the size of farmers' cash income. As factory payrolls increase, the tendency is for cash farm income to climb upward. This is particularly true of such products as meat animals, dairy, and poultry products which depend largely on domestic demand. A study of the above graph shows that during the first half of 1933, farm income rose much faster than factory payrolls, but after speculative activity in June and July, failed to retain that gain. That early advance in income from all farm products was due very largely to a sharp rise in returns from the marketings of grains and cotton which were affected by monetary and other recovery programs. The returns from livestock and livestock products have followed more nearly the course of the purchasing power of domestic consumers, while the returns from grains and cotton, being affected in addition by international conditions and by the accumulation of stocks, fell to a considerably lower level by the end of 1932 than did the returns from livestock and livestock products. The failure of the grain and cotton sections in 1928-29 to share in the rising national income, was apparently one of the elements that weakened the industrial situation in 1929. The sharp increases in the money income in the grain and cotton areas in 1933 helped to initiate the economic revival.

ACT ON MILK LICENSE VIOLATIONS — Two milk distributors in the Philadelphia area will have their licenses revoked on charges of violating the terms and conditions of the agreement and license for distributors in that milk-shed. Both revocations are effective as of November 20, and are the first under Section 8 of the Agricultural Adjustment Act. Regulations of the Agricultural Adjustment Administration provides that persons whose licenses have been revoked may appeal to the Secretary of Agriculture for reinstatement.

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AMEND THREE MILK AGREEMENTS — Three milk marketing agreements, Philadelphia, Baltimore, and Detroit, have been amended by Secretary Wallace as a result of suggestions from distributors and producers. The amendments to the Philadelphia and Baltimore agreements provide for lower prices for half-pint bottles of milk sold in schools. The Detroit amendment relates to the classification of milk and does not change the price to consumers. It limits the amount of Class 3 milk sold to not over 5 percent of the amount of Class 1 milk sold, and adds a fourth class to the present list of three classes for resale. The Class 4 price defined in the amendment is 30 percent above the Class 3 price per hundred pounds and is estimated by the producers to be about equal to the average condensery price.

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MILK AGREEMENT SENT TO RICHMOND — A milk marketing agreement for the Richmond area has been tentatively approved and sent there for signature by the industry's representatives. When finally approved by the Secretary of Agriculture, a license will be issued to enforce the agreement. Under its terms retail prices are 12 cents per quart and 7 cents per pint both at stores and delivered at homes. The 300 producers for this area will have their returns increased by about $15.000 per month, it is estimated by local authorities. Producers will receive approximately 50 cents more per 100 pounds of fluid milk sales.

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CIGAR INDUSTRY CODE HEARING — A public hearing on a proposed code of fair competition for cigar manufacturers will be held by the Agricultural Adjustment Administration at the Mayflower Hotel, Washington, November 22. The code was offered to the Administration by the Special Cigar Committee of the Associated Cigar Manufacturers and Leaf Tobacco Dealers. and has not been accompanied by any marketing agreement. Before final consideration such an agreement may be called for. The code relates to wages, hours of labor, and other conditions of employment. These provisions when adopted will be under the National Recovery Administration.

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NEWS DIGEST

AGRICULTURAL ADJUSTMENT ADMINISTRATION

Volume 1, Number 8 November 25, 1933

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U. S. DEPARTMENT OF AGRICULTURE

WHEAT CHECKS PASS MILLION MARK

Wheat adjustment checks written to 22,159 farmers in 130 counties in 15 States totalled $1,086,048 up to 7 a.m., November 24. Contracts received up to the same time totalled 111,619. The County Acceptance Unit has approved 303 counties for payment. After acceptance by the County Unit, individual contracts are examined and then adjustment payments made. Checks have already been written for farmers in: Indiana, Iowa, Kansas, Kentucky, Maryland, Michigan, Minnesota, Missouri, Nebraska, New York, North Carolina, Ohio, South Dakota, Virginia, West Virginia.

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RICE PROGRAM EXPECTED SOON

The details of the 1934 rice production adjustment program will be announced by the Agricultural Adjustment Administration as soon as a survey among growers can be completed in Texas, Arkansas, and Louisiana. It is pointed out that a program to keep 1934 production at or below the present level is essential to success of efforts to improve the condition of the industry. Growers are holding meetings in their own counties and organizing county production adjustment associations. Details of a program will be worked out cooperatively with these associations after the local meetings.

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PROPOSE BEVERAGE IMPORT QUOTAS

A public hearing on a code of fair competition and a marketing agreement for importers of wines and spirits will be held at the Mayflower Hotel, Washington, D. C., November 29. Representatives of the importing industry have proposed a code which includes provisions covering labor conditions and provisions relating to trade practices. The Special Committee on the Control of Alcohol and Alcoholic Beverages has notified Secretary Wallace that it will propose an importers marketing agreement with provisions providing for import quotas for alcoholic beverages other than beer and similar malt beverages, both with respect to volume and origin, after the repeal of prohibition; and the allocation of the quotas among members of the industry. Under the agreement all in the industry would be licensed. The committee recommended that pending the adoption of the marketing agreement tentative quotas be determined and announced promptly and that immediate steps be taken conditionally to allocate the quota among members of the industry.

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BREWING INDUSTRY CODE HEARING

A public hearing on a proposed code of fair competition for the brewing industry will be held November 27, in the National Museum, Washington, D. C. The proposed code has been filed by representatives of the brewing industry. In addition, a code of fair competition for the brewery distributors industry has been submitted but no public hearing for this has been set. The President's special committee has also filed an amended tentative code for the brewing industry. This will be considered at the hearing November 27.

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FORMS MOVE FOR CORN LOANS

Blank note forms and instruction sheets for loans from the Commodity Credit Corporation on farm warehoused corn moved to the Corn Belt with the first thousand copies sent by air mail to Iowa. All States in which corn loans will be made are to receive the necessary forms as soon as they are available. In signing the note and loan agreement the borrowing farmer agrees to carry out the terms of the corn-hog production agreement soon to be offered farmers. Loans will be at 45 cents per bushel on the farm on corn grading No. 2. Notes will mature August 1, 1934. The interest rate is 4 percent. March 1, 1934 is the last day for acceptance of applications for loans.

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ADVANCE ON COTTON OPTIONS

The approximately 600,000 cotton producers who are to receive options on the 2,400,000 bales of government-held cotton and who sign agreements to participate in the 1934 cotton adjustment program will be eligible for an advance of 4 cents per pound on the cotton covered by the options. The 4 cents per pound is available to the Commodity Credit Corporation through a commitment from the Reconstruction Finance Corporation. Option holders will retain their beneficial interest and upon sale of the cotton will receive their ratable share of any proceeds above 10 cents per pound after expenses have been deducted.

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TEXAS CITRUS AGREEMENT

A citrus fruit marketing agreement for Texas, the last of three proposed for setting up a national citrus stabilization program, has been tentatively approved by Secretary Wallace, and sent to that State for signature by shippers. Tentative approval has been given to two similar agreements: one for Arizona and California, and one for Florida. Puerto Rican shippers may participate in the national plan by entering into a marketing agreement for their area. The primary purpose of the agreements and the national plan is to increase returns to producers through regulating market supplies by proration.

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MILK AGREEMENTS AFFECT WIDE AREA

A total of 13 milk-shed marketing agreements, centering in as many cities and including farmers in 28 states, have been approved and are in force with licenses to distributors and established minimum prices to producers. Through these agreements fully 120,000 producers in 245 counties are expected to derive increased incomes. The agreements affect at least 10 per cent of all commercial milk sales from farmers in the United States. In addition to the milk-shed agreements the Agricultural Adjustment Administration has approved two national milk agreements, one for evaporated milk, and one for dry skim milk, and has accepted proposed amendments to the existing agreements for the Detroit, Chicago, Twin Cities, Philadelphia, and Baltimore areas. Tentative approval has been given to proposed agreements for San Francisco, Richmond, Louisville, Omaha-Council Bluffs, and Atlanta. Fluid milk agreements for Florida, Pittsburgh, Shreveport, and Oklahoma City, and national agreements for ice cream and butter, have been considered at public hearings, and are now under review for drafting in final form. Public hearings have been called on agreements for Tulsa, Okla., and seven other cities in that state. Applications are on file and reviews and conferences are under way for other proposed milk-shed agreements including the following numbers by States: Kansas, 20; Michigan, 11; North Carolina, 8; Texas, 7; Colorado, 7; Iowa, 7; California, 6; Virginia, 6; New Mexico, 5; Maine, 4; Mississippi, 4; Minnesota, 4; Pennsylvania, 3; South Carolina, 3; Illinois, West Virginia, Missouri and Nevada, each 2; and one agreement each from Idaho, New Hampshire, Oregon, Kentucky, Nebraska, and New York--- the latter being the Greater New York and New Jersey market, and the largest in the country. Milk produced for the District of Columbia is also included in a proposed agreement not yet scheduled for hearing.

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CODES FOR FOOD INDUSTRIES

The master food code under consideration by the Agricultural Adjustment Administration, on which a four-day public hearing was recently concluded, probably will be replaced by separate codes for manufacturers and for wholesalers and retailers. Separate groups will be given opportunity to adopt codes of their own where their conditions differ materially from those in the food manufacturing and distribution industries as a whole.

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ACCEPT BIDS ON INEDIBLE GREASE

Satisfactory bids on inedible grease and fertilizer tankage, obtained through the emergency pig marketing program have been accepted by the Agricultural Adjustment Administration. All of the inedible grease (about 21 million pounds), about three-fourths or approximately 1200 tons of the cracklings and 1200 of the 3400 tons of rough fertilizer tankage saved from the emergency program were disposed of to high bidders. It is the intention of the Administration to re-advertise for bids on the remainder of the fertilizer tankage and cracklings. A large proportion of the grease was sold at 2 3/4 cents per pound, based on Chicago quotations. The average for the entire lot, however, was somewhat less because some lots were in storage at considerable distances West of Chicago and freight differentials were allowed for in the bidding.

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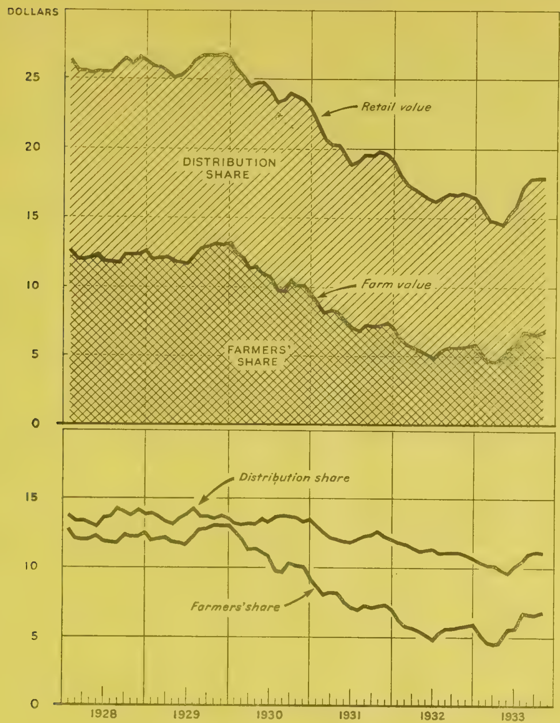
RETAIL AND FARM VALUE OF TYPICAL MONTHLY PURCHASES OF 14 FOODS PER FAMILY



The above chart illustrates how the course of a major depression affects differently the level of retail and farm prices and how the relatively smaller decline in distribution costs reduces the farmer's share of the consumer's dollar.

At the end of 1929, consumers paid about $26.60 for a basket full of 14 food items. The farmer received around half of that amount and the other half went to pay distribution charges and profits.

By the end of 1930, the same basket sold for about $22.90, but this reduction came almost entirely out of the farmer's share, for the share going to distributors remained unchanged.

By March 1933, consumers were paying about $11 less, but about $8 of this came out of the farmer's share and distribution charges had been reduced only $3. This reduced the farmer's share of nearly a half of the consumer's dollar in 1929 to only about 30 percent in March 1933. Had the decline in retail prices been shared equally by distributors and farmers, prices at the farm last March would have been about 50 percent higher than they were.

Since last March, the increase in farm prices has been somewhat greater than the increase in distribution costs and by October the farmer's share of the consumer's dollar had risen to 37 percent, regaining a third of the loss since 1929.

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FLUE-CURED TOBACCO PLAN FOR 1934

A program to limit 1934 flue-cured tobacco production to approximately 500,000,000 pounds has been announced by the Agricultural Adjustment Administration. Growers will be offered agreements under which they will be required to reduce their production and acreage by 30 per cent from their base. Approximately $17,000,-000 will be distributed to participating producers in the 1934 program. Participating growers will receive two payments. The first will be $17.50 per acre for each acre kept out of production in 1934, and the second will be 12½ per cent of the total value of the tobacco which the producer is permitted to sell under terms of the agreement. The percentage in the second payment is increased in the case of growers whose base acreage is less than four acres. In making calculations of the second payments, an average price of not more than 21 cents per pound will be used as a basis. The concerted efforts of flue-cured producers pledging themselves to support a program to bring 1934 production in line with the demand are expected to result in growers receiving for their 1933 crop about $30,000,000 more than they otherwise would have received. This coupled with the large crop, means that growers will receive over $75,000,000 more than they received for the 1932 crop and over $60,000,000 more than they got for the 1931 crop. Improved prices for this year's crop are the result of a marketing agreement between the Secretary of Agriculture and the big domestic buyers. Despite the fact that this year's crop is large and will add 100 million pounds to the world's surplus, nevertheless, because of the anticipated reduction next year, the purchasing power of this year's crop, in terms of commodities that farmers buy, will be greater than that of any crop in the last four years.

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DRY BEANS FOR RELIEF

The Federal Surplus Relief Corporation has awarded contracts to firms in Colorado, Illinois, Michigan, and New York, for the purchase of 5,000,000 pounds of dry beans to be distributed to needy families through State and local relief agencies. In making the purchases, the corporation considered existing surpluses of beans and their location in relation to regions where need for relief was greatest. As nearly as possible, distribution will be in the regions in which the beans are purchased in order to save shipment costs.

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COTTON GINNERS AGREEMENT

A marketing agreement for cotton ginners has been given tentative approval by Secretary Wallace and submitted to the ginners for signature. When approved, the agreement will affect approximately 14,000 commercial gins. It provides for schedules of maximum service charges, creates a system of state and national control, insures better quality of ginning through equipment and handling requirements, eliminates unfair trade practices, and provides machinery through which commercial ginners may regulate ginning facilities to the requirements of practicular ginning communities.

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NEWS DIGEST
AGRICULTURAL ADJUSTMENT ADMINISTRATION

Volume 1, Number 9 December 2, 1933

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1934 COTTON PLAN READY FOR GROWERS

The 1934-35 cotton acreage reduction program will be taken to cotton producers in 800 cotton counties of the South before January 1. The plan seeks to restrict cotton planting in 1934 to 25 million acres. Growers who sign agreements to reduce production will receive rental payments based on the productivity of the land they agree to withhold from production, and a parity payment of not less than 1 cent per pound on their domestic allotment. The rate of the rental payment for each acre taken out of production under the agreements will be 3½ cents per pound on the average yield of lint cotton per acre for the farm in the years 1928-32 inclusive. A maximum rental of $18 per acre is provided for in the agreement. This payment will be made in two equal parts, the first between March 1 and April 30, 1934, the second between August 1 and September 30, 1934. The parity payment will be made between December 1, 1934 and January 1, 1935. Approximately 15 million acres will be rented under the 1934 program. Growers will receive around 125 million dollars. The program will be financed by the processing tax on raw cotton. In commenting on the plan, the Administrator of the Agricultural Adjustment Act pointed out that in spite of the progress made in adjusting cotton production in 1933 and in spite of improved demand, "the fact remains that we have too much cotton. Even with normal demand, producers could not hope to obtain a fair price for cotton with the large surplus. If the 1934 program succeeds, the beginning of the crop year next July should see a greatly improved situation, with the world supply of American cotton not more than 20 million bales. But it is necessary that every cotton producer join in this program and cooperate fully. The South has taken a long step towards recovery in the 1933 cotton program but the task is not yet completed. I have confidence that the producers of cotton will continue their cooperation and not sacrifice the substantial gains that have been made. It should be remembered that there still exists a large surplus of cotton. This program is designed to reduce that surplus and as a result bring more satisfactory prices to producers."

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WHEAT PAYMENTS FOR 17 STATES

Benefit payments totaling $3,200,839 had been sent up to 7 a. m., December 1, to wheat farmers taking part in the 1934 adjustment program. Checks were written for 49,205 farmers in counties in Kansas, Colorado, Illinois, Iowa, Kentucky, Maryland, Michigan, Missouri, Nebraska, Nevada, New York, North Carolina, Ohio, South Dakota, Utah, Virginia, and West Virginia. Pledges to reduce wheat production in 1934 have been received from over 570,000 farmers who, when agreements are signed, will receive a total of approximately $102,000,000 in benefit payments this winter and next summer. The program for wheat growers seeks to bring production in line with demand so that farm incomes may be increased.

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PLAN USE OF SUB-MARGINAL LAND

A national land use experiment covering 2 million acres in 10 different regions has been authorized upon the recommendation of the Secretary of Agriculture and the Secretary of the Interior. The experiment will deal with prevention of soil erosion, and with removing from cultivation sub-marginal land instead of average land as required in the crop reduction programs. The work is being undertaken cooperatively by the replacement crops section of the Agricultural Adjustment Administration and the Soil Erosion Service of the Department of the Interior. Under the plan, in those areas where projects of the Soil Erosion Service are located, farmers who reduce acreage under a crop reduction program of the Agricultural Adjustment Administration, may substitute for the average land that would be taken out of production under the terms of their agreements enough sub-marginal land to equal the productivity of the average land. Thus a farmer whose agreement would require him to remove 5 acres of average land from production might remove, instead, 10 acres of sub-marginal land half as productive as the average land. The tentative locations of the 10 soil erosion prevention projects, already announced by the Soil Erosion Service, are: Upper Mississippi Valley, near LaCrosse, Wis.; North Central Missouri and South Central Iowa, near Bethany, Mo.; Central Illinois, in McLean County; Central Texas, near Temple; South Carolina Piedmont, near Spartanburg; Pacific Northwest in Palouse section, near Pullman, Wash.; Oklahoma Red Plains, near Stillwater; Tennessee Valley; Kansas, near Mankato in Jewell County and a large project including land in Arizona, New Mexico, and Utah, known as the Navajo project.

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COMPENSATING TAX RATES ON JUTE AND PAPER

Rates of compensating taxes on jute fabric, jute yarn, and paper, for specified uses, have been fixed by the Secretary of Agriculture, in accordance with provisions of the Agricultural Adjustment Act. The rates of the compensating taxes on these products were fixed after a three-months study of competitive relations between cotton and other commodities. The processing tax on raw cotton which became effective August 1, is 4.2 cents per pound. The compensating taxes on products competing with cotton are effective as of December 1, 1933. The compensating rate of tax upon the processing of jute fabric, to prevent competitive disadvantages to cotton processors, was fixed at 2.9 cents per pound of jute fabric on the first domestic processing of jute fabric into bags; on jute yarn 2.9 cents per pound on its first domestic processing into twine of a length of 275 feet per pound or over, finished weight of twine; on paper 2.04 cents per pound weight on its first domestic processing into multi-walled paper bags; 3.36 cents per pound weight of paper on the first domestic processing of coated paper into coated paper bags; 2.14 cents per pound weight of open-mesh paper fabric, on the first domestic processing of open-mesh paper fabric into open-mesh paper bags; 0.715 cents per pound weight of paper on its first domestic processing of paper into paper towels; and 4.06 cents per pound weight of paper on the first domestic processing of paper into gummed paper tape.

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SCHEDULE HEARINGS ON MILK AGREEMENTS

Public hearings on seven milk marketing agreements for Middle West areas have been called by the Agricultural Adjustment Administration. The hearings are as follows: Leavenworth, Kans., Dec. 8; Kansas City, Kans., Dec. 7; Coffeyville, Kans., Dec. 11; Fort Scott, Kans., Dec. 9; Sioux City, Ia., Dec. 5; Crete, Neb., Dec. 6 and Lincoln, Neb., Dec. 4. Proposed modifications of any provisions of the existing milk marketing agreement and license for distributors in the Greater Boston milk shed will be considered at a public hearing to be held at 9.00 a. m. Dec. 5 in Boston, Mass.

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CONSIDER PEANUT MARKETING AGREEMENT Officials of the Agricultural Adjustment Administration have under consideration a proposed marketing agreement for peanut millers in the "Virginia area" including Virginia, North Carolina, Tennessee and Pennsylvania; the "Southeastern area" including Georgia, Alabama, South Carolina, Florida and Mississipi; and the "Southwestern area" including Texas, Oklahoma, Louisiana, Arkansas, Missouri or any other State west of the Mississippi River. The proposed agreement seeks to improve prices for the 1933 peanut crop to be marketed, establishes terms under which peanuts are to be handled, and makes provisions for a study leading to a program for the adjustment of peanut production in 1934. Prices of peanuts which have already been marketed have been maintained as a result of a request made in October by officials of the Agricultural Adjustment Administration. In this request peanut millers in the territory covered by the proposed agreement were asked to maintain prices pending the evolution of a marketing agreement for the industry.

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CORN PROCESSING TAX REMAINS AT 5 CENTS The 5-cents per bushel processing tax on corn, effective since its imposition on November 5, will remain at that rate instead of being increased to 20 cents as provided for in the original regulations. A supplement to the field corn regulations which has the effect of exempting certain producers of field corn from making affidavits that the corn is being processed for their own use and that of their own households, as required under present regulations, was also approved. The exemption applies to producers who have their own corn processed at the rate of not more than one bushel a week for their own use. Millers who process the corn are authorized to make, at the end of each month, a sworn statement that they have not knowingly processed more than one bushel of corn in any one week for the use of a single producer himself or his household. The supplement was issued as a result of requests from Southern localities where producers grind their corn at community grist mills in lots of a bushel a week or less, for their own consumption.

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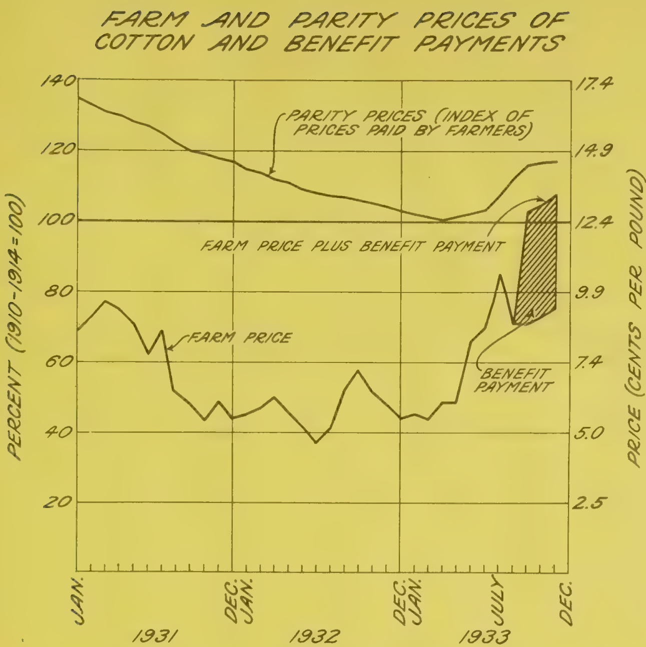
FLUE-CURED TOBACCO EQUALIZING PAYMENTS All flue-cured tobacco growers who sold their tobacco before and just after the period between September 1 and September 25 when markets were closed, and who sign agreements to reduce production in 1934 and 1935, will receive a payment intended to equalize their returns, as nearly as possible, with the returns received by growers who sold after this period. Under this plan all growers who sign reduction agreements and who sold before the markets closed on September 1 will receive a price-equalizing payment of 20 percent of the value of the tobacco they sold during this period. Growers who sign agreements and who sold tobacco on markets in the New Belt in Eastern North Carolina from September 25 to October 7, will receive a price-equalizing payment of 10 percent. Those who sign agreements and who sold tobacco on the South Carolina and Border markets from September 25 to October 28 will receive a price-equalizing payment of 10 percent of the value of the tobacco they sold on those markets during that period. The reason for this difference in the date to which payments are extended in Eastern North Carolina and the South Carolina and Border markets is that the price advance was not so rapid there as on the Eastern North Carolina markets. About 4 million dollars will be paid to growers through the price-equalizing payments. This will be in addition to payments to be made growers for reducing flue-cured tobacco production in 1934 as required under agreements.



The above chart illustrates the course of prices received by farmers during the past three years, together with the level of parity prices as defined by the Agricultural Adjustment Act. In July of 1932, the farm price of cotton had fallen to less than 5 cents per pound. During the summer of 1933 the farm price had risen to 10 cents per pound and averaged 9 1/2 cents on November 15.

While farmers as a group received, so far this season, an average of around 9 cents at their local markets, the growers who participated in the acreage reduction have received more nearly parity prices. The 112 million dollars in benefit payments which were distributed to cotton growers during September and October and the value of the cotton options, amounting to 48 million dollars, are equivalent to an addition of 4 cents per pound on the crop of those producers who participated in the program. The current price plus the benefit payments have given growers who participated, nearly their prewar purchasing power per pound of cotton.

The shaded area on the chart represents the share which the benefit payments contributed to the income of participating cotton farmers.

It is now clear that without the 1933 acreage reduction program, a crop of about 17 million bales would have been produced and would have added several million bales to the already huge carryover. This overproduction might have depressed the price of cotton enough to offset the favorable effect of the monetary and other recovery programs that were undertaken since last spring.

The program for 1934 calls for another reduction in acreage so as to make it practically certain that the carryover is reduced to more nearly normal proportions and further improvement is made in returns to those growers who take part.

CODE APPROVED FOR DISTILLERS

A code of fair competition for the distilled spirits industry, with control of the industry vested primarily in the Federal Alcohol Control Administration composed of members appointed by the President, was approved by President Roosevelt, November 27. The Federal Alcohol Control Administration will regulate the administration of the code, which will be directly in the hands of a code authority composed of members of the industry itself. The code as approved by the President, covers the licensing of distillers, issuance of permits for operation, prohibition of unfair methods of competition, schedules of prices and terms of sale of distilled spirits, control of plant capacity and production, and requirements for reports to be made by the industry.

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CODE HEARING FOR LIQUOR WHOLESALERS

A public hearing on a proposed code of fair competition for the wholesale alcoholic beverage industry will be held Monday December 4 at the Mayflower Hotel, Washington, D C. The code prepared by the President's Special Committee on Control of Alcohol and Alcoholic Beverages, provides that its administration would be under the direction of the Federal Alcohol Control Administration, representing the Government, and a code authority representing the industry. The code is tentative in nature, does not include provisions relating to labor, and is submitted for discussion at the hearing. It incorporates the suggested policies of the President's special committee. The code would prohibit wholesale selling of distilled spirits or fortified wines except by dealers placed under permit by the director of the Federal Alcohol Control Administration. It specifies the classes of persons to whom permits may be issued upon application. In the event that additional facilities for the wholesale distribution of any class of spirits or fortified wines are necessary, the Federal Alcohol Control Administration may, after due notice and opportunity for a hearing, issue permits to persons other than those specified. Wholesalers would not be permitted to hold any interest in any retail outlet, and sales to unauthorized or unlicensed vendors and transportation and importation of beverages in violation of any State law would be prohibited.

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RECTIFIERS CODE HEARING SET

The President's Special Committee on Control of Alcohol and Alcoholic Beverages has prepared a proposed code of fair competition for the distilled spirits rectifying industry and a public hearing on it will be held December 5 at the Mayflower Hotel, Washington, D. C. The proposed code incorporates the policies of the President's special committee but does not include provisions relating to labor. It carries provisions identical with those contained in the distillers code and the proposed wholesale alcoholic beverage industry code, on unfair methods of competition, bottling, prices and terms of sale, reports, code authority, Federal Alcohol Control Administration, and other relative provisions. Under the code no person could engage in the distilled spirits rectifying industry except pursuant to a permit issued by the director of the Federal Alcohol Control Administration. The code would further require that as a condition of obtaining a permit the Administration may require from the applicant a forfeiture bond in the sum of $25,000 or such less amount as may be deemed necessary. The code would control plant capacity and production and may under certain conditions allocate production among the members of the industry.

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NEWS DIGEST
AGRICULTURAL ADJUSTMENT ADMINISTRATION

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DEC 14 1933

Volume 1, Number 10 December 9, 1933

CORN-HOG PROGRAM GETS FINAL APPROVAL With the appointment of state corn-hog committees in six middlewestern states and the approval of the agreement to be offered farmers, the Agricultural Adjustment Administration is making ready to carry the corn-hog adjustment program for 1934-35 to the corn and hog belts. Committees were appointed for Iowa, Nebraska, Minnesota, Missouri, South Dakota and Indiana. Committees for Kansas, Illinois, and Ohio are to be named shortly. Commenting on the program the director of production of the Administration said: "The approval of the contract and the appointment of the committees, mean that the corn-hog sign-up campaign is practically ready to begin. Every effort will be made to hasten the organization of local corn-hog committees and to rush the distribution of necessary contract blanks and instructions out to the country. As is now generally understood, this plan seeks to restore a balance between production and actual demand for corn and hogs that will raise the prices of these commodities to their pre-war relationship with the prices of things farmers buy. This plan gives corn belt farmers their first opportunity really to combine effectively in sound adjustment to the vast changes that have taken place in our foreign trade situation since the war. It is the necessary follow-up for the temporary emergency hog marketing program and the Federal relief purchases to reduce the regular market supplies this season. It will bring about a substantial increase in the purchasing power of farmers this winter. Altogether the maximum reduction payments during the next 15 months under this plan, amount to approximately $350,000,000." Growers who sign agreements will in 1934 reduce corn acreage by 20 percent and number of hogs farrowed and produced for market by 25 percent.

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ADJUSTMENT PAYMENTS EXCEED 114-MILLION Farmers taking part in the Agricultural Adjustment Administration's cotton, tobacco, and wheat programs had received up to 7 a.m. December 8, a total of $114,986,740.40 in payments for making required adjustments in production under agreements. A total of 1,012,290 checks representing $109,686,526.03 have been sent to cotton growers. Tobacco farmers have received 16,381 checks totaling $1,007,978.15. Payments for adjustments in the 1934 wheat crop have been made in 74,384 checks totaling $4,274,236.22. Under the three programs, checks in payment for required adjustment in production are going to farmers in practically every state.

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SCHEDULE CONFERENCES ON COTTON PLAN

Preliminary to the signing of 1934-35 cotton acreage adjustment agreements by growers, a series of conferences will be held throughout the South to explain the details of the program to field workers. Representatives of the Agricultural Adjustment Administration will confer with State extension forces and others who will engage in the field work. The following conferences have been scheduled: At Memphis, Tenn., Dec. 11; Baton Rouge, La., Dec. 8; and 9; at Jackson, Miss., Dec. 11; at Paris, Tex., Dec. 13; at Taxarkana, Tex., Dec. 14; at College Station, Tex., Dec. 15 and 16; at Austin, Tex., Dec. 18 and 20; at Knoxville, Tenn., Dec. 13; at Spartanburg, S.C. Dec. 14; at Aiken, S. C., Dec. 15; at Florence, S. C. Dec. 16.

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AMEND CLING PEACH MARKETING AGREEMENT

Amendments to the marketing agreement and license for cling peaches in California, modifying the maximum and mimimum price schedules for canners' sales, and providing an extension of the time limit for guaranty of prices against declines on unshipped orders, goods in transit and unsold floor stocks, have been approved by the Secretary of Agriculture at the request of the Cling Peach Control Committee and a majority of the California canners. Effective January 1, 1934, maximum and minimum prices are increased 10 cents per dozen cans of No. $2\frac{1}{2}$ Choice, with comparable increases for other grades and sizes. A provision of the amendments states that each canner must pay into a price increase fund 25 percent of the amount of the increase on all canned cling peaches sold during the period in which the increased price is in effect. This fund will be for the account of peach growers for distribution pro rata to all growers of No. 1 cling peaches.

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THREE HEARINGS IN CALIFORNIA

Public hearings on proposed marketing agreements for vegetables, melons, dates, and asparagus, are scheduled to be held in California this month. The hearings on the marketing agreement for vegetables and melons, proposed by California and Arizona shippers, will be held at Los Angeles, December 14. The one for dates will be held at Idaho City, December 18. The date agreement is proposed by the California Date Exchange. A hearing on the proposed marketing agreement for fresh asparagus will be held at Sacramento December 11. It is expected that a second agreement covering the canned asparagus industry will be submitted later. These agreements seek to increase returns to producers and stabilize conditions in the different industries.

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HEARINGS ON MILK IN NORTH CAROLINA

A series of hearings on proposed milk marketing agreements submitted to the Agricultural Adjustment Administion by local cooperative associations of producers and distributors will be held in six North Carolina cities. The agreements seek to increase returns to producers. The hearings will be held as follows; Dec. 7, High Point; Dec. 8, Lexington; Dec. 9, Greensboro; Dec. 11, Winston-Salem; Dec. 12, Burlington; Dec. 13, Wilmington.

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LIQUOR IMPORTERS UNDER LICENSE

A license for importers of alcoholic beverages other than beer, ale, porter, stout, or other fermented malt liquors or cereal beverages, has been signed by the Secretary of Agriculture. It applies the terms of the importers' marketing agreement to all persons and concerns engaged in the industry, whether they have or have not signed the marketing agreement. The terms of the agreement and license are identical. The purpose of the license is to prevent unfair competition from importers not parties to the agreement, to the disadvantage of importers who have signed the agreement. The license permits the importers of certain alcoholic beverages to engage in business and to obtain from the permit authority designated in the marketing agreement, the permits which allocate quotas of beverages which they may import. The importers are also under a code which is modeled closely after the already approved code of fair competition for distillers. It covers the issuance of permits, unfair methods of competition, prices and terms of sale, and reports to be made by the industry. The code does not prohibit the importers from engaging in retail business, as is the case with distillers. Retail sales are to be made in bottles only. Importers are required to keep on file with the code authority a schedule of prices and terms of sale covering all alcoholic beverages, as stipulated in the code. The prices shall not be so low as to constitute destructive price cutting, nor shall they be so high as to be oppressive to the consumer.

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MARKETING AGREEMENT FOR DISTILLERS

A proposed marketing agreement for distillers is being offered to representatives of the industry for signature. In its present form the agreement has the approval of the President's Special Committee for the Control of Alcohol and Alcoholic Beverages. The agreement as now offered coincides closely with the substitute agreement submitted by the President's special committee at a public hearing November 24 and 25, except in two important respects. One is the provision that in effect guarantees that a minimum percentage of the industry's requirements will be filled with alcohol other than grain alcohol, the other is the elimination of the provision that permitted unlimited use, for beverage alcohol, or existing stocks of molasses and other non-grain products. The substitute provided that distillers must use alcohol made from cereals, except when there was a shortage of grain alcohol or facilities of producing it. The present agreement contains this provision and also a further provision which in effect guarantees that at least 10 percent of the beverage industry requirements will be drawn from other than grain alcohol. Such requirements are to be filled under special permits provided for in the agreement.

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BREWERS' CODE GETS APPROVAL

A code of fair competition for the brewing industry has been approved by the President. Administration is primarily in the hands of the code authority established by the code, subject to the approval of the Federal Alcohol Control Administration. The code authority will operate through regional boards chosen by the industry it self in 18 different regions. The code contains limitations designed to prevent "dumping" of beverages produced in one region and offered for sale in another. Other provisions govern prices and terms of sale. and unfair competitive practices such as false advertising, misbranding, and commercial bribery.

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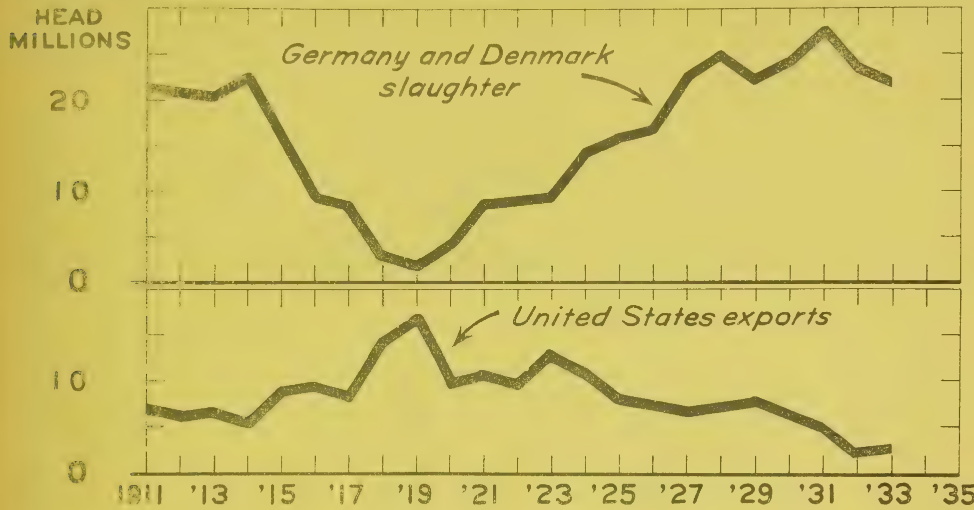
INSPECTED HOG SLAUGHTER IN GERMANY AND DENMARK, AND UNITED STATES EXPORTS OF HOG PRODUCTS, 1911-1933



The above chart shows the trend of inspected hog slaughter in Germany and Denmark, and United States exports of hog products from 1911 to 1933. Hog production in Europe was greatly reduced during the war, and this reduction together with an increased demand for pork by the allied armies resulted in a sharp increase in United States exports of hog products, the peak being reached in 1919

After European agriculture was readjusted from the abnormal conditions caused by the war, pork exports from the United States began to decline, while European production increased. Up until recent years the United States exported about one-half of the packing house lard. Lard exports to Germany, the principal market, have been cut to a very considerable extent due to a tariff barrier which is about three times the present price of lard in this country. Exports of pork have also been reduced as a result of trade restrictions.

The proportion of the total quantity of pork and lard produced in the United States sold in foreign markets has declined from 17 percent in 1921 to less than 6 percent in 1932. Through a decline in export demand the United States has lost a market for about 5,000,000 hogs, or about 10 percent of total hog production.

While United States exports of hogs were decreasing the surplus in the corn belt has been piling up, owing in part to the loss of export markets, and a very considerable part to the loss in the domestic market, due to the gas engine, the tractor, the truck, and the automobile.

Through a reduction in export demand for hogs a market for about 5,000,000 acres of corn has been lost. The replacement of horses and mules by the automobile and tractor means a further loss of a market for over 15,000,000 acres of corn. The corn-hog adjustment program seeks to bring corn and hog production in line with domestic and export requirements so that incomes of producers may be increased

EXTEND TIME ON CIGAR CODE BRIEFS

The time for filing brief on the proposed code of fair competition for the cigar manufacturing industry has been extended to midnight, December 11. A public hearing on the proposed code was held, November 22 and 23. The time for filing briefs was to have ended December 4. All briefs are to be filed with the Chief Hearing Clerk of the Agricultural Adjustment Administration.

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CODE HEARING FOR PEANUT BUTTER INDUSTRY

A public hearing on a proposed code of fair competition for the peanut butter industry will be held December 18, in Washington, D. C. The proposed code has been submitted by the National Peanut Butter Institute. In addition to provisions for minimum hours of wages and minimum rates of pay, subject to the National Recovery Act, the code includes provisions for fair trade practices, and prices and terms of sale. It proposes that only two grades of peanut butter may be manufactured and sold, and that plain labels, strictly defining the quantity, must be on all containers. Only peanuts conforming to grade requirements are to be used in the trade. A supervisory body of seven members elected by the industry, subject to the approval of the Secretary would administer the provisions of the code.

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HEARING ON WINE CODE AND MARKETING AGREEMENT

A proposed code of fair competition and a proposed marketing agreement for the wine producing industry will be considered at a public hearing to be held in Washington, D. C., December 13. The code relates to trade practices, prices and terms of sale, and provisions on production of wines and administration of the code. The marketing agreement would seek improved prices to be paid to growers of grapes, and further provides for action leading towards a grape production adjustment program.

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IMPORT LIQUOR QUOTAS OFFER TRADE BENEFITS

A tremendous demand by dealers for permits to import wines and spirits is reported by the Federal Alcohol Control Administration. Although definite figures on national quotas and totals of applications are not available, permits for applications from France and Great Britain alone are equal to several times the total quota for all nations, which is approximately 4,800,000 gallons. Minimum quotas for foreign nations based on pre-war exports to the United States were authorized in the marketing agreement for liquor importers, which a majority of the industry approved. It has been indicated that any increases in these quotas would be granted only in the event that the United States was able to reach trade understandings which would reopen foreign markets for American agricultural and industrial products. The Administration has indicated that the minimum quotas can be increased, but that the United States is unwilling to hand over this new market to foreign exporters without American farmers and businessmen receiving trade advantages in return.

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NEWS DIGEST
AGRICULTURAL ADJUSTMENT ADMINISTRATION

November 1, Number 11 December 16, 1933

DAVIS ADMINISTRATOR OF ADJUSTMENT ACT

Chester C. Davis, director of production, was appointed by Secretary Henry A. Wallace, with the approval of President Roosevelt, as Administrator of the Agricultural Adjustment Act. He succeeds Administrator George N. Peek, who has been appointed special assistant to the President on American trade policies, and will head the Trade Policies Committee now investigating the whole problem of our foreign trade. Mr. Davis has been director of the production division since the Agricultural Adjustment Administration was organized last May, supervising all its programs of production adjustment including the cotton, wheat, and tobacco campaigns and all the preparations for the current corn and hog campaign. He has worked closely with both Secretary Wallace and Mr. Peek in planning, launching, and developing the work of the Administration. Mr. Davis' home is in Evanston, Ill. He is a native of Iowa. He was born on a farm in Dallas County in that State in 1887; lived on a farm until he was 20; is a graduate of Grinnell College, Iowa; and later became a farm owner and operator. For seven years he edited newspapers in Redfield, S. D., and Bozeman, Mont., and then became editor and manager of the Montana Farmer at Great Falls. Mr. Davis was associated with the committee of 22 of which Mr. Peek was chairman, which supported the McNary-Haugen bill successfully pushed through Congress on two occasions but prevented from enactment by vetoes. Mr. Davis worked closely with Henry C. Wallace, father of Secretary Wallace, when he was Secretary of Agriculture. In 1921 Mr. Davis was appointed to organize the Montana State Department of Agriculture and was Commissioner of Agriculture until 1925.

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HIGHER FARM INCOMES HEARTEN COMMUNITIES

The long-depressed communities of the South and Middlewest are showing the revivifying effects of the Agricultural Adjustment Administration's programs which are designed to increase incomes of farmers, a survey of typical counties in the cotton and wheat belts reveals. Rental and benefit payments made to farmers for adjusting their production are speeding wheels of business in these areas. Farmers are hastening to pay debts and taxes long deferred, and to buy articles they have long done without, the survey indicates. The money received by farmers is being used conservatively and by many farmers every dollar is being made to bear its flll load. With increased incomes from benefit payments and higher prices for farm products, farmers in the cotton and wheat belts are major factors in the upward trend in economic conditions. Typical of the state of mind of many of the business men in these farming sections is the comment of H. B. Bellenger, vice-president of the Altus National Bank, Atlus, Okla.: "The results of the Government's cotton program have been wonderful. Our whole community is benefiting from it. We are feeling the effects here in this bank. Our loans were in excess of $300,000. We have collected at least one-third of this amount and we are not nearly through yet. One farmer came in the other day with several hundred dollars and paid up his note in full. He still has his cotton options and also the cotton from his field."

SURPLUS BUTTER PURCHASES HALT   Termination of butter buying on the primary markets of the country through the Dairy Marketing Corporation with funds supplied by the Agricultural Adjustment Administration was announced by the Secretary of Agriculture. Notice was sent to the Dairy Marketing Corporation at Chicago that the agreement in effect with that corporation since October 17, would be terminated at midnight December 16, 1933. This complies with the provisions of the agreement between the Secretary of Agriculture and the Dairy Marketing Corporation, and concludes the series of butter purchases made by the Dairy Marketing Corporation for resale and distribution to the needy and unemployed. This action in no way affects butter or cheese purchases being made independently by the Federal Surplus Relief Corporation for relief purposes. Butter purchases made and yet to be made by the Dairy Marketing Corporation, and purchases by the Federal Surplus Relief Corporation, will, within the next two weeks, have reduced commercial holdings of butter in storage to within 7 million pounds of the 5 year average for December 1. Under the plan on which these purchases were being made, a total of 61,071,626 pounds of butter is involved. Deducting the total purchases, actual or committed, the amount of butter left in storage to move through ordinary commercial channels is 77,018,374 pounds, or only 7 million pounds more than the 5-year average storages recorded for December 1. The operation has removed surplus butter from commercial channels and provided butter supplies for the Federal Emergency Relief Administration to feed needy persons who would have a deficiency or absence of butter in their diet. The purchase was undertaken after a commitment by cooperative dairy leaders to support an effective production adjustment program.

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EXPORTS MOVE SURPLUS WHEAT   The North Pacific Emergency Export Association, set up under a marketing agreement to facilitate exports of an acute surplus of wheat in Oregon, Washington, and Northern Idaho, has sold 8,250,000 bushels for export, more than a fourth of the estimated 30,000,000 bushels export sales anticipated this season. The sales have been in: China, Japan, Manchuria, the Philippines, Hawaii, United Kingdom, Belgium, the Netherlands, Norway, New Zealand, Sumatra, Indo-China, Federated Malay States, Dutch East Indies, and a number of Central and South American countries. Of the export sales, about a sixth have been in the form of flour. This percentage is expected to be higher in later sales. Export sales have prevented prices to farmers in the Pacific Northwest from being forced out of line with prices of wheat at interior points. Wheat has been bought from producers at about 10 cents under the Chicago December future. This is considered a normal spread. At the time the marketing agreement was first considered, the spread was 26 cents a bushel. The difference between the price paid producers and the lower world price at which the wheat must be sold, is about 22 cents a bushel.

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GRAIN ELEVATOR CODE HEARING   A public hearing on a code of fair competition for the country grain elevator and warehouse trade will be held December 20 at the Mayflower Hotel, Washington, D. C. The code was proposed by the National Federation of Country Grain Elevator Associations, which includes between 20,000 and 25,000 country elevators. The country elevators are the primary handlers of the farmers' grain after it leaves the farm.

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FIVE TOBACCO PROGRAMS UNDERWAY

Three production adjustment programs for tobacco, designed to bring production in line with requirements so that prices paid to growers may be improved, have recently been announced by the Agricultural Adjustment Administration. The programs are for Burley, fire-cured, and dark air-cured types of tobacco, and are in addition to the programs for the flue-cured and cigar-leaf tobacco types already underway. The Burley program seeks to limit the 1934 crop to about 250,000,000 pounds. Approximately $15,000,000 will be paid growers who qualify for payments by signing agreements to reduce production. Of this amount approximately $3,000,000 will be paid farmers as soon as they properly execute the agreements. Under the plan producers may agree to reduce their production in 1934 either by 33-1/3 percent or by 50 percent of their base tobacco acreage and base tobacco production. Burley tobacco is grown mainly in Kentucky and Tennessee, and in sections of North Carolina, Virginia, West Virginia, Ohio and Indiana. Fire-cured tobacco growers will be required, under the agreement, to limit their 1934 crop to 110,000,000 pounds. Those who sign agreements and qualify for payments will receive approximately $1,700,000, of which approximately $445,000 will be paid them soon after they properly execute the agreements. The fire-cured tobacco plan calls for a reduction of 25 percent from the base tobacco acreage and base tobacco production. This type of tobacco is grown in Kentucky, Tennessee, and Virginia. The dark air-cured tobacco program seeks to limit the 1934 crop to between 30,000,000 and 35,000,000 pounds. Approximately $715,000 will be paid growers for making the required reduction. Of this amount about $180,000 will be paid soon after they properly execute agreements which require growers to make a 30 percent reduction from their base tobacco acreage and base tobacco production. This type of tobacco is grown in Virginia, Kentucky, Tennessee, and Indiana.

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SHADE AGREEMENT GETS APPROVAL

A marketing agreement for handlers of Connecticut Valley shade-grown tobacco became effective December 11, following signatures by a majority of those in the industry and approval by the Secretary of Agriculture. It applies to shade-grown tobacco in Connecticut, Massachusetts, New Hampshire, and Vermont. Under its terms, allotments of acreage to growers and allotments which handlers may handle, are permitted. It authorizes the establishment of a minimum price for sales by handlers and prices to be paid growers. The agreement requires that all tobacco sold by handlers be graded under Federal supervision; provides for handlers to submit required reports to the Secretary; and fixes terms and conditions under which shade-grown tobacco shall be sold. This agreement is the second to be approved in the tobacco industry. The first was a marketing agreement for flue-cured tobacco.

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SIX MILK HEARINGS IN SOUTHERN STATES

Public hearings on six proposed milk marketing agreements have been scheduled as follows: At Houston, Tex., Rice Hotel, December 23; Columbia, S. C., Jefferson Hotel, January 2; Spartanburg, S. C., Federal Building, January 3; Greenville, S. C., Post Office, January 4; Hendersonville, N. C., Court House, January 5; and at Asheville, N. C., Court House, January 6.

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PLAN TO SPEED CORN-HOG PAYMENTS

Early payment of the first checks for reducing corn and hog production will be made possible through a plan designed to reduce by several weeks the time required for arranging payment. Under this plan, the method of handling the corn-hog reduction agreement will be simplified by means of a "rider" sheet which may be substituted for two of the regular agreement sections. The producer will sign the "rider" under which he agrees in advance to accept any corrections and adjustments in his production figures as may be found necessary by the community committee and the county allotment committee. After the county allotment committee, in collaboration with the State statistician, has made the preliminary adjustments and corrections, signed agreements carrying the "rider" can be forwarded at once to the Secretary of Agriculture for acceptance. First corn and hog reduction payments to the producer who signed the "rider" can then be made promptly. Later, the community committees and the county allotment committee will make a final check of all producers' figures against available statistics of the United States Department of Agriculture. If it is necessary to bring the aggregate report for the county into line with Federal statistics on corn acreage and hog production, a final adjustment will be made, pro rata, among all producers' figures. If payment under agreements carrying "riders", made on the basis of preliminary adjusted figures, are out of line with the final adjusted figures, later payments can be reduced accordingly.

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POOL TO HANDLE OPTION COTTON

A cotton pool to liquidate the 2,400,000 bales of Government-held cotton covered by options to producers it is expected will be established in connection with plans to advance option-holders 4 cents per pound on their options. Approximately 600,000 cotton farmers who participated in the 1933 adjustment program under the option plan are to receive the options in the next few weeks, together with the agreements whereby they may obtain an initial advance of 4 cents per pound, or $20 per bale, on the cotton covered by the options. The options are at 6 cents per pound. Cotton on which a 4-cent per pound advance is granted would be delivered to the cotton pool. The manager of the pool is authorized to borrow from the Commodity Credit Corporation the funds necessary for the advances. The pool would have the right to sell the cotton at any time it can be marketed on the basis of 15 cents per pound, middling 7/8. After July 31, 1934 the Secretary of Agriculture may, in his discretion, sell and make delivery of all or any part of the cotton, irrespective of the price. Option-holders who obtain the 4-cent advance may be required to execute the 1934-35 cotton acreage adjustment agreement.

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TWO CITRUS REGIONS UNDER AGREEMENTS

Stability for the orange and grapefruit industries of California-Arizona and for Florida, and increased returns to growers, are the objectives of marketing agreements approved for the two regions by the Secretary of Agriculture. These agreements will be enforced by licenses which become effective at 12:01 a.m., December 18. Provisions in the agreements are identical as to proposals for a national citrus stabilization plan to include a national prorating plan. Under this plan, to which Texas and Puerto Rico growers also may adhere if and when marketing agreements are made effective for those regions, national control of citrus fruit shipments by the industry will be possible.

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NEWS DIGEST

AGRICULTURAL ADJUSTMENT ADMINISTRATION

Volume 1, Number 12 December 23, 1933.

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WALLACE STRESSES BALANCED MILK OUTPUT "Good prices for dairy farmers must be based on achieving a proper balance between production and consumer demand," Secretary Wallace said in a statement issued December 21. It is the Secretary's position that the powers of the Government under the Agricultural Adjustment Act should be used to lift farm prices and not distributors prices. The present issue in the dairy industry is whether a fair share of returns should go to the dairy farmers or whether a good deal of the cream of profits taken from producers and consumers should go to a few companies distributing milk. "To our own knowledge," Secretary Wallace said, "the profits of some milk companies, including subsidiaries of big holding companies, are exorbitant to say the least. While the dairy farmer is sweating under ruinous prices, it is scarcely the function of a Government department devoted to the interest of agriculture to scatter its resources in efforts to enforce exorbitant profits to some milk companies, though it should be clearly understood that we have no interest whatsoever in reducing any reasonable returns made by any milk company in the United States. Good prices for dairy farmers must be based upon achieving a proper balance between production and consumer demand. If this balance is attained through a dairy production adjustment program and is not upset by unreasonable resale prices charged by distributors in milk sheds, farmers will get their fair share of returns to the industry. I am going to invite the dairy farmers of this country to join us in working out and carrying through a real dairy production adjustment program. We will fight to maintain reasonable fluid prices to farmers in the milk sheds. If, and when, such prices are supported by fair and reasonable prices to butter and cheese producers, prosperity will return to the whole dairy industry.

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CONSIDER BURLEY MARKETING AGREEMENT A hearing on a proposed marketing agreement for buyers of Burley tobacco was held by the Agricultural Adjustment Administration, December 21. Under its terms contracting buyers would agree to purchase not less than 260 million pounds of the 1933 crop at an average price of not less than 12 cents per pound. Buyers interested in such an agreement ordinarily buy 90 percent of the Burley tobacco used for domestic manufacture. No opposition to the proposed agreement was expressed.

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LEADERS CONFER ON ADJUSTMENT ACT

Officials of national farm organizations, and other farm leaders, conferred in Washington, December 22, with the Secretary of Agriculture and executives of the Agricultural Adjustment Administration on possible amendments to the Agricultural Adjustment Act and administrative policies under the Act. Attention focused upon plans for making needed adjustments in the dairy industry. Among those requested to attend the conference were: E. A. O'Neal, American Farm Bureau Federation; M. W. Thatcher, Farmers' National Grain Corporation; Cal Ward, Farmers' Educational and Cooperative Union; Clifford V. Gregory, editor, The Prairie Farmer; Earl Smith, Illinois Agricultural Association; F. E. Mollin, American National Livestock Association; William Hirth, editor, the Missouri Farmer; W. R. Ronald, editor, The Evening Republican, Mitchell, S. D.; Ralph Snyder, president, Kansas State Farm Bureau Federation; Joe H. Anderson, Thompson, Iowa; Clarence Poe, editor, The Progressive Farmer, Raleigh, N. C.; C. O. Moser, American Cotton Cooperative; Charles A. Ewing, National Livestock Producers' Association; E. W. Ricker, publisher, Farmers' Union Herald, St. Paul, Minn.; Judge John D. Witten, Dairymen's League, New York City; Charles W. Holman, National Cooperative Milk Producers' Federation; John Simpson, Farmers Educational and Cooperative Union; H. G. Keeny, president Farmers Union of Nebraska; Robin Hood, American Institute of Cooperation; Louis J. Taber, master, National Grange; John Brandt, president, Land O'Lakes Creameries, Minneapolis, Minn.; A. H. Lauterbach, manager, National Cheese Producers Federation, Plymouth, Wis.; Poter L. Betts, Chicago; Carl Horn, Hay Springs, Neb., president of the National Association of Local Creameries; John D. Miller, N. Y. National Cooperative Milk Producers Federation.

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CHICAGO MILK AGREEMENT TO END

Acting on the request of the Chicago Pure Milk Association, the Secretary of Agriculture has terminated the Chicago milk agreement, effective January 1, 1934. The agreement requires, by its own terms, that upon the request of 75 percent of the contracting producers or distributors, it shall be terminated by the Secretary of Agriculture. The Pure Milk Association represents 75 percent of the producers in the Chicago milk shed. This agreement was the first of all marketing agreements to be approved under the Agricultural Adjustment Act. It was approved July 28, 1933, to be effective August 1, to meet a milk marketing emergency in the Chicago area.

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HEARING ON MILLING CODE

A public hearing on a proposed code of fair competition for the wheat flour milling industry will be held January 15, at Washington, D. C. As submitted, the code contains stop-loss provisions and restrictions on new or unused plant capacity, places administration of the proposed code in the hands of a code authority of 15 selected by the industry, and limits access to books and records to examination of specific transactions in question.

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COTTON DRIVE STARTS JAN. 1. Beginning January 1 cotton growers will be given an opportunity to sign agreements to reduce their 1934-35 production. The Administrator of the Agricultural Adjustment Act is to join with the Secretary of Agriculture in requesting governors of the 16 cotton-producing States to issue proclamations designating the first week of the New Year for all agencies in the South to join in an intensive effort to obtain farmers' signatures to agreements that will limit the 1934 cotton planting to 25 million acres. Participating growers will receive about $125,000,000 in rental and benefit payments. In announcing the opening of the program the Administrator of the Adjustment Act said: "Cotton farmers of the South who will be asked to sign these new contracts are, I believe, thoroughly familiar with the economic facts that make it necessary to continue the adjustment of cotton production. In spite of plowing up more than 10 million acres last summer, there is still a surplus of cotton. This program is directed to the elimination of this surplus. If all cotton farmers participate and actually restrict planting next year to 25 million acres, there is a definite prospect of a more nearly balanced cotton situation at the beginning of the crop year next August 1. I am advised of a vast improvement in conditions in the South as compared with those of last year. We know that the cotton program of this past summer was one of the major contributing factors to this improvement. The South has already experienced to a considerable degree the beneficial results of a production control program and we in Washington recognize that the first major attempt of the Adjustment Administration was successful because of the immediate and intelligent cooperation of the cotton farmers of the South. The Administration is confident that the same spirit will characterize this second step in the adjustment of cotton production."

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COTTON OPTIONS FOR GROWERS The Agricultural Adjustment Administration is making ready to release cotton options to about 600,000 farmers who hold these options at six cents a pound on approximately 2,400,000 bales of government-held cotton. Two alternative courses are open to producers when they receive their options. They may call the options and receive the difference between six cents and the market price, or they may execute an "Exercise of Cotton Option and Pool Agreement" and, through arrangements made by the Agricultural Adjustment Administration with the Commodity Credit Corporation, receive an initial payment of 4 cents per pound, or $20 per bale, on their options. Producers who desire to obtain the initial payment are required to execute these documents promptly. Time for signing them expires January 15, 1934.

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PEANUT AGREEMENT OUT FOR SIGNATURE A marketing agreement proposed by the peanut milling industry has been tentatively approved and sent to the industry for signature. When returned it will be considered for final approval by the Secretary of Agriculture. It would establish minimum prices to growers. One of its specific requirements is that the control board establised under the agreement shall investigate the possibility of a plan for adjusting peanut production in 1934 and report to the Secretary before February 1, 1934.

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AN EMPIRE REBORN

Wheat Checks Restore the Morale of Farmers in Great Belt.

READY TO FIGHT ANEW

Some of the Allotment Money Buys Seed for Next Crop.

FOR FOOD, CLOTHING, TAXES

Kansas Banks Report Many Small Debts Are Being Paid Off.

(By a Member of The Star's Staff.)

DODGE CITY, KAS., Dec. 16.—If you want to see an empire reclaimed, come out here to the great southwestern wheat belt, where the wheat allotment checks now are being distributed to farmers.

Jolted in 1930, when the price of wheat went below 70 cents a bushel, floored by the huge crop of 1931, which sold below a quarter, and then virtually given the *coup de grace* by two crop failures in succession, the wheat growers and their wives admit frankly they didn't know how they were going to get through the winter.

Crop Financed by Promise.

Then the government began distributing its checks in payment for the reduction in acreage. Even in advance of the distribution, the reviving effect of the money became evident. The coming crop was financed by the promise of the government money. With the funds actually at hand, with the new crop beginning to come through the ground, the changed physical aspect of the country and the improved morale of the people are here for everybody to see.

Ford County, banner wheat county of the state, and its neighbors, Gray and Finney counties, also huge producers, are good places to study the effect of the allotment, since they were among the earliest to receive the checks.

Ford signd up 98.6 per cent of its acreage, 1,320 producers making applications for the fund. Already $523,810 of the government money has been distributed in the county and the total fall payment will reach approximately $600,000. That means $26 for every man, woman and child in Ford County. In the spring, an additional $200,000 will be sent out here in final payments on the 1933 crop. Finney County so far has received $262,000 and Gray County $362,000.

Much More Next Week.

Other counties have received lesser amounts, based on their wheat acreage. Distribution of $257,518 was due to begin at Jetmore for Hodgeman County today and checks for $2,130,616 will be distributed in the big wheat counties of Barton, Hamilton, Stafford, Saline, Haskell, Meade, Kiowa, Ness and Seward next week. Altogether, approximately 43,000 Kansas farmers will share in more than 15 million dollars in government money this fall.

Two questions immediately come to mind in studying this first direct application of the new deal to Kansas agriculture—what do the farmers think of it, and what are they doing with the money?

To the first question the farmer generally, although he is happy to obtain the money and believes it is only fair return for the years he produced wheat for the city consumer at less than the cost of production, is distrustful that the plan can be carried further than an emergency proposition and also fears it might be an entering wedge to putting him under a license.

License Idea Is Abhorrent.

The idea of licensing is abhorrent to him. He demands to run his farm, broke or affluent, as he sees fit. Perhaps his fear of ultimate licensing has been sharpened by his first taste of bureaucracy. When the farmer signed up to reduce his acreage 15 per cent, it was discovered his figures for the county, when lumped together, were greater than those established by the government crop reporting board. The farmer had measured his fields carefully; in fact, had leaned backward on the conservative side so there should be no kickback. It was charged the official Washington figures on acreage—supplied by volunteer crop reporters—always had been too low.

After quite a row, it was decided to distribute the full amount of the allotment but that the farmer should take out 3 per cent more of his land for roads so as to bring acreage more in line with the official figures. Then another 2 per cent reduction was required, so that finally the farmer reduced at least 20 per cent.

About Three-fourths of Normal.

Actually, according to Southwestern grain men and farmers, when the land which eventually was not planted, due to financial reasons or dry weather, is taken into consideration, the growing acreage is not more than 75 per cent of normal for the entire wheat belt.

What is being done with the wheat allotment money? It is, going for taxes, advances on putting out the present crop, a few store bills, the purchase of necessities and a little nest egg to run the family until spring. Most of the tax payments are on delinquent personal taxes. Little is going on land tax, virtually none on capital debts, such as machinery and mortgage payments, and none for luxuries. The motor car market in the wheat belt is just about as dead as ever, although a smattering of sales has been made on used cars. Some repayment is being made on government production loans.

The fund, in fact, was used to put the wheat empire back on its feet to bet on another wheat crop, the one to be harvested next summer. With an average yield—no one expects more than that because of weather conditions—and a decent price at harvest, the wheat country, tided over the winter, again will be in position to fight for its place in the sun.

Average Check Is $179.38.

The checks received vary from below $100 to above $1,400, depending upon acreage. Separate checks are being made for the landlord's and tenant's share of the crop where crop share farming figures in. The average of the checks received here is $179.38.

"I'll tell you what I am doing with my $660," said A. A. Young, who has 490 acres in wheat west of Dodge City. "I paid back $400 it cost me to put in my present crop—I had to reseed part of it—I paid my personal taxes and some store bills and am saving the remainder to buy feed for those cows and chickens out there which will feed us through the winter."

Mrs. Arthur Adams, whose husband farms in Gray County, paused outside the door of the typical little, white, wheat belt house to remark the distribution meant much in restoring the home supplies of the farm.

"Why, with two crop failures in a row some of us were virtually out of sheets and pillow cases and the children were sadly in need of new clothes," she said.

It Will Keep Schools Open.

"Yes, and it means keeping the schools open," Mr. Adams added. "The county treasurer in the first four days the checks were out received $24,000 in delinquent taxes, three times as much as in the same period last year.

"Most of my check went to pay back the cost of putting out this crop and for a reserve to buy food and other necessities until spring. When we signed up over at Cimarron, we were told there was a Santa Claus, and we sure know it now."

Santa Claus, in fact, did come to Dodge City a week ago today, the annual merchant's Christmas parade. It also was the first Saturday shopping day after the wheat checks had been distributed. One of the largest crowds ever seen in the pioneer town was on the streets and one grocery store reported it had the biggest day in its history.

"Our bank cancelled more notes that day than it ever had any day previously," George E. Dugan, president of the First National here, said. "Not in total amount of money, you understand, but in number of notes.

Everybody Helps Out on Crops.

"Most of the notes were for small amounts made in putting out the crop and in expectation of the government allotment. You understand, everybody out here co-operates in financing a wheat crop. The banks advance a little, the oil stations advance oil and gasoline, the groceries food and the elevators seed wheat.

"Those planting expenses are being met. Some of the banks feared they might have difficulty in meeting the demand for cash when the treasury checks were presented. It was a needless worry. Most of the checks were deposited and then checked against. We accepted $46,000 worth of checks one day and paid out only $10,000 or $12,000 in cash. A country bank nearby had $20,000 in allotment checks presented and paid out only about $1,000."

George Lutz, a big wheat grower south of the river, was one farmer who stepped over into a luxury purchase after he had paid his taxes and his back bills. He purchased the family a radio and supplied new clothing. His check was for $1,300.

"This disbursement is the most wonderful thing that has occurred for Western Kansas," Mr. Lutz said. "It came at a time when it was needed greatly and it has helped to put the whole territory back on its feet."

The new wheat crop, on which the Southwest again is betting, is backward. Although the crop normally is sowed early in September, some of it, because of dry weather, was not drilled in until late in November. Hardly half is above ground. Recent dust storms did not blow the soil badly, but harmed the crop in their effect on drying out surface moisture. In one field tested, the moisture went down only about ten inches and the subsoil was dry.

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CHICK HATCHERIES CODE APPROVED

A code of fair competition for the chick hatchery industry governing trade practices and employment conditions, and containing provisions for its administration through a body set up largely from within the industry, has been approved by the President. The code was proposed to the Agricultural Adjustment Administration by the International Baby Chick Association and the Northeast Poultry Council. As approved the code prohibits numerous practices held to constitute unfair competition. Among these are false and misleading advertising and selling below cost in a competitor's territory in order to injure the competitor. One of the requirements is that hatcheries subject to the code shall use eggs weighing not less than 23 ounces to the dozen and with no single egg weighing more than 1 5/6 ounces. Members of the industry are required to make adequate reports to the Secretary of Agriculture and to open all books and records for his inspection when required.

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NEED 20 PER CENT SOUTHERN RICE CUT

A reduction of 20 per cent in the past 5-year average acreage of 775,000 acres of rice in Louisiana, Arkansas and Texas is necessary if rice farmers of those States are to protect the $27,000,000 value of their crop. Plans for the rice production adjustment program have been discussed with growers and buyers and will soon be submitted for final approval. Approxiamtely 10,000 growers would be affected. Meetings held in the rice States and resolutions submitted to the Agricultural Adjustment Administration, indicate that growers are anxious to make the adjustment in their acreage necessary to protect the higher level of prices. As tentatively planned, the production adjustment program provides that growers who take part in the program and agree to make the proposed reduction would receive higher returns for their crop than growers who do not participate.

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MORE CHECKS TO WHEAT FARMERS

Up to December 28, 232,759 farmers in 1,315 counties received $17,578,053 in part payment for agreeing to reduce 1934 wheat production 15 percent. Within the next few weeks approximately one-half million farmers who signed reduction agreements will have received a total of $70,000,000 as their first payment for agreeing to reduce production. Total payments to these growers in 1,450 counties will approximate $102,000,000.

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ADJUSTMENT ACT LIFTS FARM PURCHASING POWER

Full cooperation of American farmers in production adjustment programs launched by the Agricultural Adjustment Administration will mean the addition, in the form of cash benefit payments to farmers, of more than 800 million dollars to the farm income for 1933 and 1934. This figure is in addition to increased farm income through prices higher than they were at the beginning of 1933; through marketing agreements fixing minimum prices for producers; and through Government loans and advances on farm commodities. Adding to these benefit payments the estimates on commodity loans, and amounts expended in removing burdensome surpluses of pork, butter, and wheat from market channels, the Federal Government, under the provisions of the Agricultural Adjustment Act, is committed to put purchasing power amounting to more than 1,250 million dollars into the hands of agriculture by the end of February, 1935. Of this amount more than 162 million dollars in cash had been distributed before the middle of December, 1933. In return for these payments and advances, producers are cooperating in the programs of the Administration for adjusting the production of agricultural commodities.

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MAJOR PROGRAMS UNDER FARM ACT

An intensive drive to bring agricultural production into line with market requirements is being made by the Agricultural Adjustement Administration in the cotton, corn, hog, wheat, and tobacco industries. Cotton farmers, in the 1933 campaign, reduced cotton by 10,399,331 acres, and the probable outturn by more than 4 million bales. On January 1, 1934, they will begin signing agreements to reduce cotton acreage by 15 million, to a total of 25 million acres. Benefit payments for the 1933 program totalled 111 million dollars; advances on options offered as benefits will total another 48 million; commodity loans on cotton, advanced to producers from private and Government funds, may reach 250 million. Benefit payments for the 1934 program are estimated at 165 million. Wheat farmers will receive, probably before February, 1934, some 70 million dollars; payments to be made next spring will bring the total to 102 million. This is in compensation for agreeing to reduce acreage in 1934 by more than 8 million acres. Corn and hog growers will begin to sign agreements with the Secretary for reducing their 1934 corn acreage by 20 percent -- approximately 20 million acres -- and their production of hogs for market by 25 percent -- approximately 25 million head. If all corn and hog farmers sign the agreement they will receive a total of not more than 350 million dollars. Commitments of 150 million dollars for loans to corn producers, secured by corn in warehouses, have been made. Growers of six types of tobacco are signing agreements to reduce production. Benefit payments, it is estimated, will be between 30 and 40 million dollars. Effects of these programs, plus the increases due to marketing agreements, are expected to make this year's gross income of tobacco growers approximately twice that of 1932. The Federal Government, under authority of the Agricultural Adjustment Act, spent 33 million dollars in buying pigs and sows at premium prices and taking them off the burdened market; it spent 11 million dollars to take butter from a glutted market and distribute it among needy unemployed; it contributed some $1,600,000 to make possible the purchase, for export, of approximately 8 million bushels of wheat that was burdening the market in the Pacific Northwest. Plans for an adjustment program for the dairy industry are now being worked out.

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DRAFT ADJUSTMENT PLANS FOR DAIRY AND BEEF

Leaders in the dairy and beef industries, outstanding agricultural workers, and several members of Congress have indicated their support of a program to establish a 200-million dollar fund to aid in financing important production adjustment programs for the dairy and beef industries. At a conference of farm leaders with Secretary Wallace and executives of the Agricultural Adjustment Administration, farm leaders adopted a resolution proposing an appropriation by Congress of a sum to be determined, but not less than 200 million dollars, to assist in financing farm aid, particularly for the dairy and beef cattle farmers. Since the passage of the resolution on December 22, Secretary Wallace has received telegrams from a number of Senators, Representatives, Governors, and other leaders indicating support to the proposal. Under the suggested plan advance benefit payments could be made to help tide dairy and beef producers over the present period in which prices of those things they buy are increased while their incomes are impaired because of extremely low prices of their products. Officials of the Administration together with leaders in the dairy and beef industries are working on a program to relieve the situation. Considerable effort is being centered to work out a production adjustment program for the dairy industry where an acute price situation requires immediate remedial steps.

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THREE AGREEMENTS IN NATIONAL CITRUS PLAN

Operation of a national citrus fruit stabilization plan, has been made possible with approval by Secretary Wallace of a marketing agreement for the Texas citrus fruit industry, the last of three agreements involved in the program. Marketing agreements for oranges and grapefruit for the California-Arizona region and for Florida have already been approved and are in effect. Under the national plan, proration of shipments is made possible. The agreements seek to increase returns to growers through regulation of supply. Each agreement contains the same general provisions, and is made mandatory upon all shippers in the regions by licenses.

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ANNOUNCE MARYLAND TOBACCO PROGRAM

A production adjustment program for Maryland tobacco, type 32, under which producers of certain grades would reduce their 1934 crop by 25 percent of their tobacco acreage and base tobacco production, was announced by the Agricultural Adjustment Administration. It is estimated that about 40 percent of the Maryland tobacco growers will find it advantageous to take part in the program, the main object of which is to reduce production of the lower grades and improve the general price for this type of tobacco. Rental and benefit payments to growers who take part are expected to total about $140,000.

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WALLACE CONDEMNS HOG PROCESS TAX DEDUCTION

In several sections of the country local hog buyers, small processors and others purchasing live hogs for commercial slaughter are reported to be deducting the whole or a part of the amount of the processing tax from the regular quoted market price. Commenting on these reports Secretary Wallace stated: "Country buyers and others, who, in settling with the farmer, make a deduction for the processing tax on the bill of sale are penalizing the farmer and are tending to frustrate the declared policy of the Agricultural Adjustment Act. There is absolutely no excuse for such a practice and farmers should refuse to sell to any buyer who makes or proposes to make any such deductions. The open market price for live hogs is customarily established by the majority of persons who slaughter hogs and who will pay the tax to the Government. They pay the full quoted price for the live hogs and in addition pay the Government the processing tax out of the proceeds from hog products. Processors, therefore, who deliberately deduct the tax from bids based on the regular market quotations really escape paying any tax at all. The sum they pay the Government is offset by the deduction they make in the price they pay the seller. Country buyers who deduct the tax from the price offered farmers and who then resell the live hogs to another person or processor, simply are taking advantage of the farmer to realize a larger profit than is represented by the usual differential between the local shipping point and the main terminal market. This is because country buyers who do not slaughter hogs are not required to pay the processing tax. Names of hog purchasers following this practice, together with full particulars on individual cases should be forwarded immediately to Dr. A. G. Black, chief of the corn-hog section, Agricultural Adjustment Administration, Washington, D. C. The Administration will use all power under existing law to prevent fraudulent practices in connection with the collection of processing taxes."

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HOG PROCESSING TAX CONTINUES DOLLAR RATE

Continuation until February 1, 1934, of the processing tax on live hogs at $1 per hundredweight, live weight, was announced by the Agricultural Adjustment Administration. Under the original regulations, the tax was to have been increased to $1.50 per hundredweight at midnight December 31, 1933. Continuance of the one-dollar rate of the tax was made partly in consideration of the continued large slaughter of hogs. The findings of the Secretary indicated that the payment of the processing tax at an increased rate, as provided in the original schedule, would tend to result in the accumulation of surplus stocks and depression of the farm price of hogs.

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